

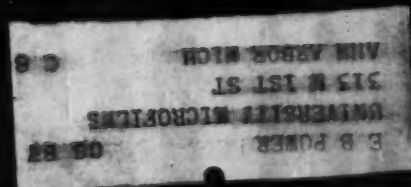
# BUSINESS WEEK



Robert A. Magowan: No more tilting at windmills for Safeway (page 62)

A MCGRAW-HILL PUBLICATION

APRIL 13, 1957





### *"Timber" in the tall corn*

**Y**OU'LL FIND no lusty-lunged woodcutter to warn farmers of danger in their cornfields. Soil pests such as corn rootworms do their dirty work in secret, feasting underground on tender young roots. And when the anchoring roots are cut, the plant tumbles in the first brisk wind.

But today, farmers have aldrin—a potent insecticide that destroys corn rootworms, wireworms, seed corn maggots, white grubs, and other cornfield soil pests. Applied before or during planting, aldrin kills underground pests when they touch, taste, or breathe it. The expense of replanting "spotty" stands is eliminated. Corn can grow straight and tall for easy mechanical picking.

Helping farmers grow bigger crops with higher quality yields by controlling insects is one of many ways Shell Chemical serves the farmer.



## Shell Chemical Corporation

*Chemical Partner of Industry and Agriculture*

NEW YORK



## GENERAL BUSINESS

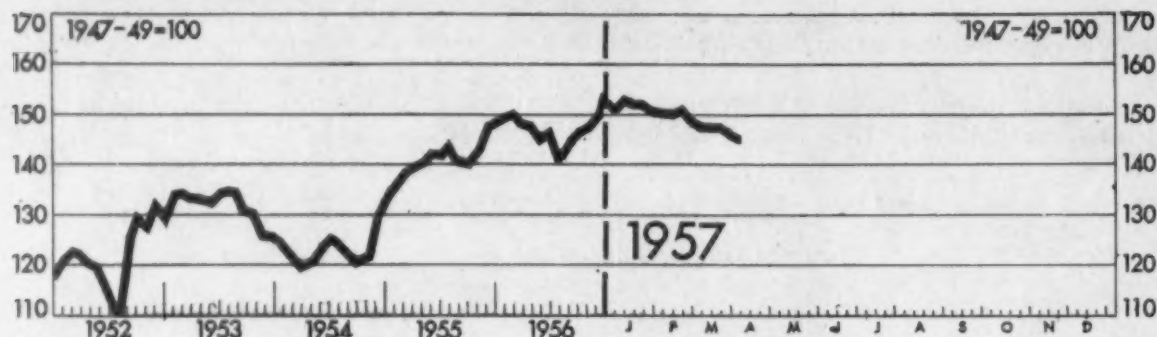
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# FIGURES OF THE WEEK



## BUSINESS WEEK INDEX (chart)

1946 Average	Year Ago	Month Ago	Week Ago	\$ Latest Week
91.6	146.8	148.3	†146.7	*145.8

## PRODUCTION

Steel ingot (thous. of tons).....	1,281	2,483	2,401	†2,319	2,328
Automobiles and trucks.....	62,880	170,867	169,054	†164,151	167,538
Engineering const. awards (Eng. News-Rec. 4-wk daily av. in thous.).....	\$17,083	\$73,630	\$62,114	\$59,526	\$56,701
Electric power (millions of kilowatt-hours).....	4,238	10,846	11,867	11,694	11,693
Crude oil and condensate (daily av., thous. of bbls.).....	4,751	7,171	7,813	7,786	7,600
Bituminous coal (daily av., thous. of tons).....	1,745	1,719	1,610	†1,723	1,762
Paperboard (tons).....	167,269	276,703	280,314	274,516	283,101

## TRADE

Carloadings: miscellaneous and L.E.L. (daily av., thous. of cars).....	82	74	71	69	70
Carloadings: all others (daily av., thous. of cars).....	53	47	47	46	46
Department store sales index (1947-49 = 100, not seasonally adjusted).....	90	122	99	113	112
Business failures (Dun & Bradstreet, number).....	22	217	327	290	231

## PRICES

Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100).....	311.9	420.6	412.3	409.1	407.7
Industrial raw materials, daily index (BLS, 1947-49 = 100).....	†173.2	100.3	94.5	93.8	93.8
Foodstuffs, daily index (BLS, 1947-49 = 100).....	†175.4	80.2	80.7	81.3	82.4
Print cloth (spot and nearby, yd.).....	17.5¢	19.5¢	18.0¢	17.9¢	17.9¢
Finished steel, index (BLS, 1947-49 = 100).....	†176.4	157.1	173.9	174.0	174.0
Scrap steel composite (Iron Age, ton).....	\$20.27	\$54.83	\$49.50	\$44.17	\$42.67
Copper (electrolytic, delivered price, E & M, lb.).....	14.04¢	47.13¢	31.97¢	31.73¢	31.97¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$1.97	\$2.38	\$2.35	\$2.32	\$2.30
Cotton, daily price (middling, 1 in., 14 designated markets, lb.).....	**30.56¢	36.52¢	33.79¢	33.87¢	33.86¢
Wool tops (Boston, lb.).....	\$1.51	\$1.74	\$2.14	\$2.10	\$2.10

## FINANCE

500 stocks composite, price index (S&P's, 1941-43 = 10).....	17.08	48.45	43.97	44.28	44.62
Medium grade corporate bond yield (Baa issues, Moody's).....	3.05%	3.65%	4.43%	4.42%	4.42%
Prime commercial paper, 4 to 6 months, N. Y. City (prevailing rate).....	¾-1%	3%	3% %	3% %	3% %

## BANKING (Millions of Dollars)

Demand deposits adjusted, reporting member banks.....	††45,820	55,392	55,791	55,472	55,118
Total loans and investments, reporting member banks.....	††71,916	85,454	84,975	85,604	87,253
Commercial and agricultural loans, reporting member banks.....	††9,299	27,578	30,444	31,433	31,322
U. S. gov't guaranteed obligations held, reporting member banks.....	††49,879	27,852	25,532	25,164	26,635
Total federal reserve credit outstanding.....	23,888	25,658	24,871	24,930	25,165

## MONTHLY FIGURES OF THE WEEK

	1946 Average	Year Ago	Month Ago	Latest Month
Employment (in millions).....	55.2	63.1	63.2	63.9
Unemployment (in millions).....	2.3	2.8	3.1	2.8
Average weekly earnings in manufacturing.....	\$43.82	\$78.78	\$82.41	\$82.00
Wholesale prices (U. S. Dept of Labor BLS, 1947-49 = 100).....	78.7	112.6	117.0	116.9
Private expenditures for new construction (in millions).....	\$803	\$2,260	\$2,110	\$2,259
Public expenditures for new construction (in millions).....	\$197	\$811	\$800	\$913
Personal income (seasonally adjusted, in billions).....	\$178.0	\$317.1	\$335.0	\$336.7
Farm income (seasonally adjusted, in billions).....	\$16.9	\$15.1	\$15.3	\$15.3
Wholesalers' inventories (seasonally adjusted, in billions).....	\$5.5	\$12.5	\$13.1	\$13.1
Retailers' inventories (seasonally adjusted, in billions).....	\$9.8	\$24.2	\$24.0	\$23.9
Retail sales (seasonally adjusted, in millions).....	\$8,541	\$15,346	\$16,439	\$16,494
Exports (in millions).....	\$812	\$1,362	\$1,679	\$1,605

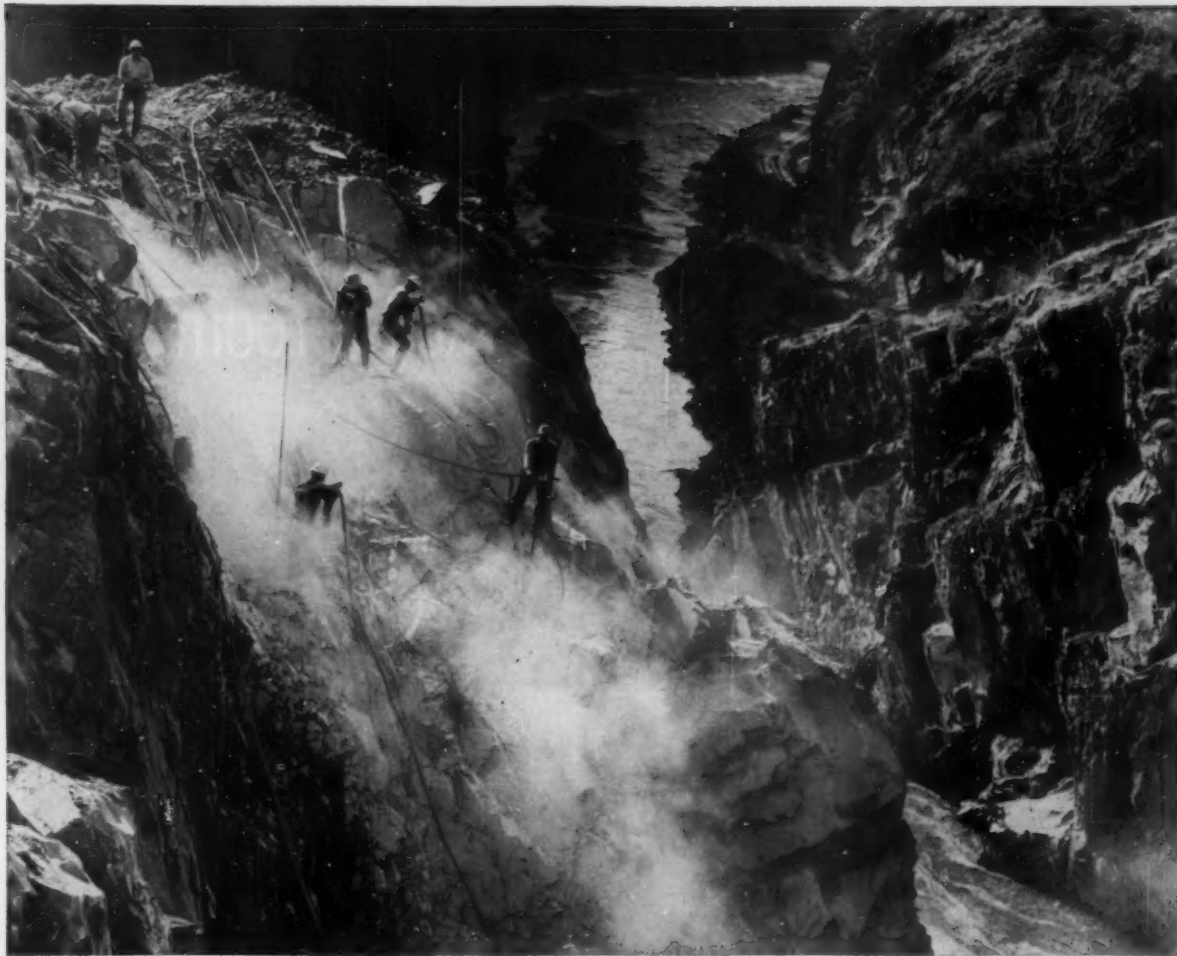
\* Preliminary, week ended April 6, 1957.  
† Revised.

†† Estimate.  
‡ Ten designated markets, middling 16 in.

§ Data for 'Latest Week' on each series on request.

THE PICTURES—Black Star—138; Frank Brooner—41, 42; Grant Compton—190; N. Biecker Green—194, 195, 196; I.N.P.—155; Robert Lockenbach—98, 99, 100, 105; McGraw-Hill World News—132, 134; Leonard Nadel—cover, 172, 174, 178; Safeway Stores, Inc.—62, 63; U.P.—44; Vantone Pump Equipment Corp.—198, 200;

## B.F. Goodrich report:



## Men punch holes in rock to blow up a cliff

### *B. F. Goodrich improvements in rubber brought extra savings*

**Problem:** Those workmen are drilling holes for dynamite charges, to blast out rock for a dam. It's no cinch to lug a heavy drill down a cliff like that. Too many times it had to be promptly carried up again—the tool had choked to death.

When heat from the compressor got into the hose, it would harden the rubber, breaking it into loose, gummy particles that clogged the air tool, put it out of action.

**What was done:** B.F. Goodrich engineers went to work on the problem. By adding, subtracting, changing proportions of rubber, they found a special

compound that stands hot air, won't harden, crack, or break into gummy particles to clog tools.

**Savings:** Hose lined with this new rubber was made and put to work. On jobs where air hose used to go to pieces in weeks, B.F. Goodrich hose lasts months, even years. The nuisance of clogged tools was ended permanently.

**Extra benefits:** Resistance to heat is only one of the improvements made in this B.F. Goodrich air hose. It has a cover so rugged that dragging over rough rock won't tear it. And it's light, flexible, easy to work with.

**Where to buy:** Your B.F. Goodrich distributor has exact specifications for the B.F. Goodrich air hose described here. And, as a factory-trained specialist in rubber products, he can answer your questions about *all* the rubber products B.F. Goodrich makes for industry. B.F. Goodrich Industrial Products Co., Dept. M-927, Akron 18, Ohio.

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**BUSINESS WEEK • Apr. 13, 1957**

## READERS REPORT

### Wrong Arithmetic

Dear Sir:

The executive made a mistake in your article on Management's No. 1 Worry [BW—Mar. 23 '57, p40] when he said "Our customers aren't taking the 2% discount for cash. They are borrowing working capital from us. Why pay 5% when we give it to them for 2%?"

He forgot that the 2% cash discount is a flat percentage, whereas the 5% interest is on an annual basis. . . .

Assuming a \$10,000 invoice and the traditional terms of 2/10, n/30, the purchaser paying in 10 days could deduct \$200. It would pay him to borrow the cash at 5% to take advantage of the discount. Since the net amount is due in 30 days anyway, he in effect only borrows the \$9,800 for 20 days at 5% in order to get the cash discount. This would mean his signing a 5% note at his bank for \$9,826.18 to obtain the \$9,800 to anticipate payment of the \$10,000 invoice in the 10-day period. Thus it costs him but \$26.18 to effect a \$200 discount saving, a net gain of \$173.82. . . .

. . . The distributor is therefore losing, not gaining, by failing to take cash discounts.

SIDNEY I. SIMON

ASSISTANT PROFESSOR  
 RUTGERS UNIVERSITY  
 NEW BRUNSWICK, N. J.

Dear Sir:

. . . A little bit of thought will show the fallacious thinking behind this statement [BW—Mar. 23 '57, p40]. Assume the extreme case where a customer passes up a 2% 10-day discount and pays net in 60 days. He is therefore paying a premium of 2% for the use of money for 50 days. On an annual basis, this would be interest at a rate in excess of 14%, a far cry indeed from the 5% at which he can reputedly borrow working capital.

S. C. MONCHER

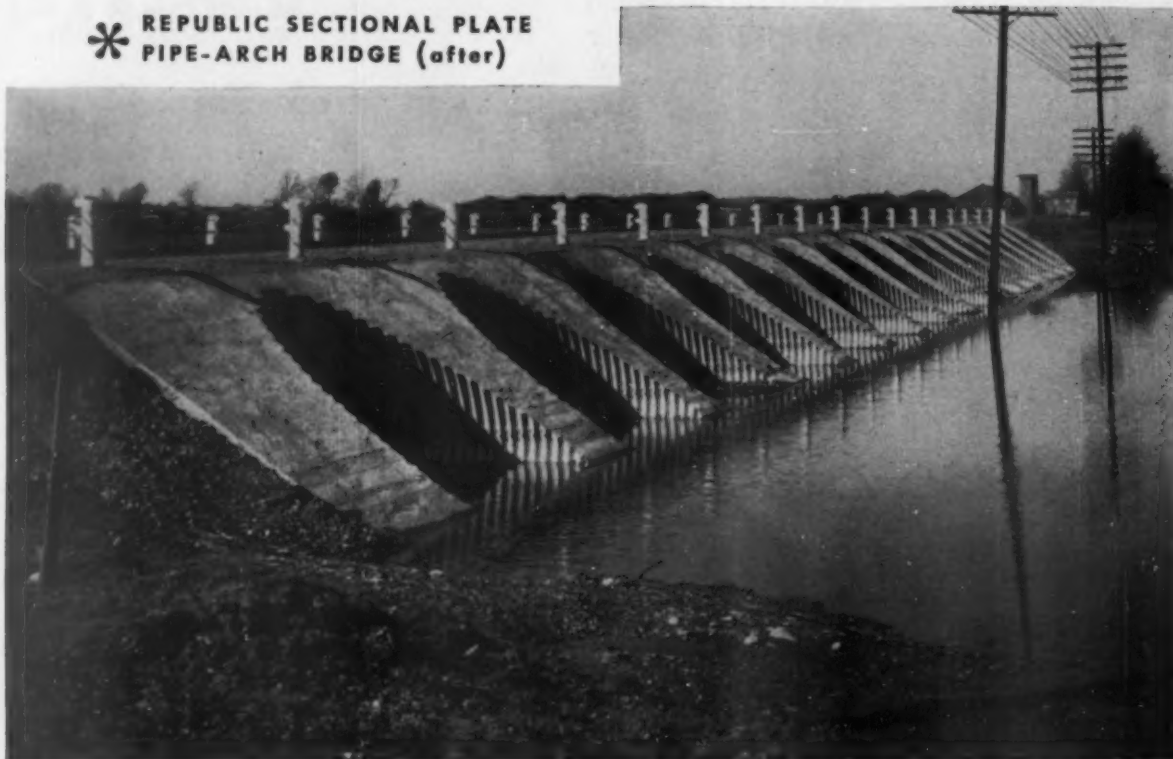
KEW GARDENS, N. Y.

• The businessman's statement does seem unrealistic but collections have slowed down appreciably since mid-1956. Though it may cost more to skip the 2% discount, it does give the buyer a chance to get some of his money back after delivery of goods so he can pay his bills without going to the banks for working capital. This



ANTIQUE BRIDGE (before)

\* REPUBLIC SECTIONAL PLATE  
PIPE-ARCH BRIDGE (after)



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Count the expense of continual maintenance, traffic delays and detours, depressed land values, increased hazard to life and property. These are the costs of an antique bridge. Some can't even be calculated. No one can afford them.

Such was the case with the dilapidated wooden bridge shown on the opposite page, built to handle flood stage on a small stream. Most of the time it served no function at all. But all of the time it was a dangerous eyesore, requiring year-round upkeep.

Today this problem is handled by a Republic Sectional Plate Pipe-Arch bridge, as handsome

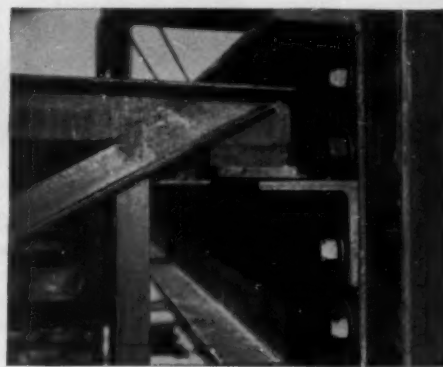
as it is maintenance-free. To span the original distance of 300 feet, only sixteen parallel lines of Republic Sectional Plate Pipe-Arch were used. Each has a span of 13' 4" and a rise of 8' 5". No more maintenance is needed than on any section of normal highway. The pipe-arch bridge, itself, requires none. It won't crack, crumble or spall under impact, vibration or shifting fill.

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*and Steel Products*

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Office Dictation



Transcription



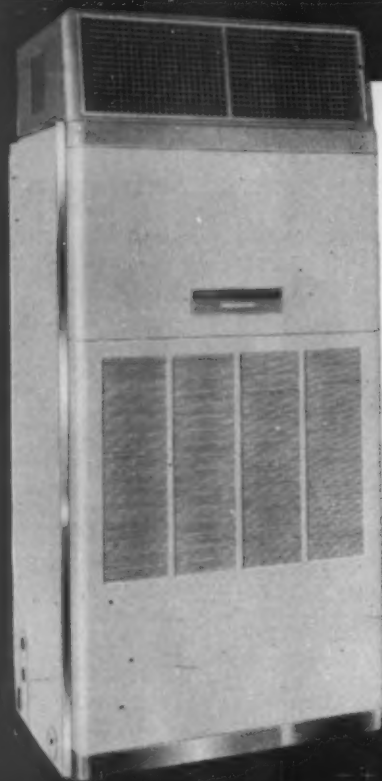
Telephone Dictation



3-Disc Versatility

\*

**Let Us Show You the Savings,** in both time and equipment costs, for a SoundScriber system to fit your needs, on either a rental or purchase basis. Just call your local SoundScriber office listed under "Dictating Machines" in the yellow pages of your phone book. Or clip our 3-disc trade mark in this ad, attach to your letterhead and mail with name to: The SoundScriber Corp., 146 Munson St., New Haven 9, Conn.



The sharper your  
bookkeeper's pencil,



the wiser your decision to buy

**FRIGIDAIRE**

low-cost

**CUSTOM COOLING**

Watch costs closely? Nothing beats the flexibility of Frigidaire low cost *Custom Cooling*. It assures proper cooling for the load—no more, no less than you need. Compact, packaged units occupy minimum space—even may be suspended from the ceiling if desired. They're easily installed, without disturbing your business, for a prompt and profitable return on your investment.

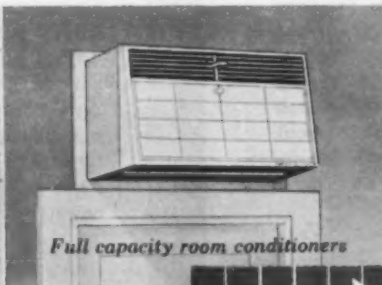
Custom Cooling means simply this: from the new 1957 line of Frigidaire air cooled and water

cooled self-contained or remote systems, your Frigidaire dealer can select just the right type and capacity . . . at the right price. You'll have proof of performance a-plenty, in employee efficiency, customer comfort and on the P. & L. statement where it counts!

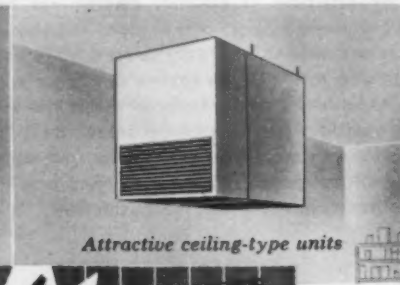
Call your Frigidaire Air Conditioning Dealer for a free survey of your needs. Look for his name in the Yellow Pages of your telephone book. Or write FRIGIDAIRE DIVISION, General Motors Corporation, Dayton 1, Ohio.



*Space-saving packaged units*



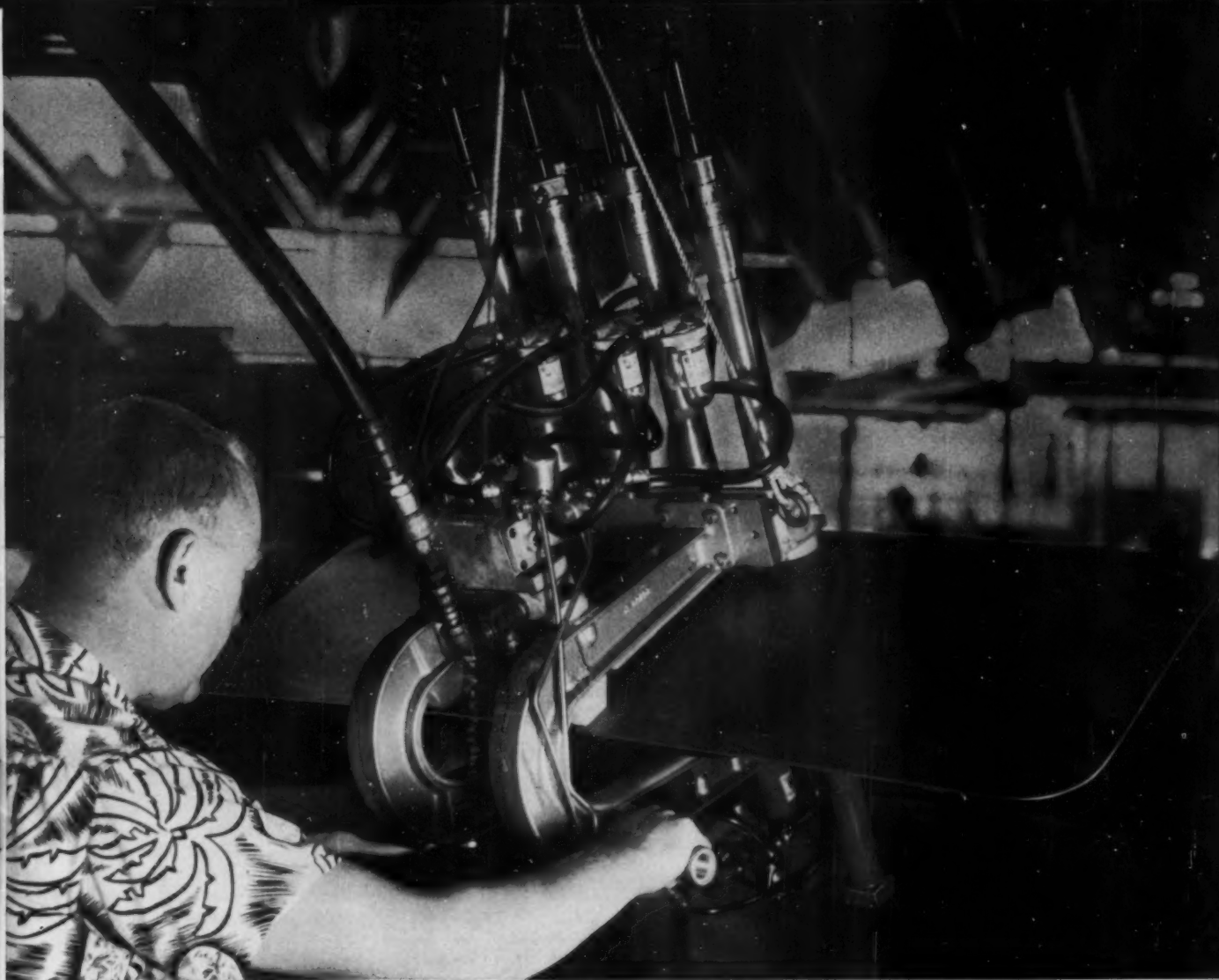
*Full capacity room conditioners*



*Attractive ceiling-type units*



**GO FRIGIDAIRE**  
AIR CONDITIONERS



Emblems are mounted in a hurry when 4 "Airfeedrills" take over the job.

## WHY YOUR NEW CAR CAN BE DIFFERENT—AT LESS COST

Today in the auto market, variety—in appearance, in fittings—is the spice of sales. But variety adds an extra burden to production costs. So car manufacturers look for new ways to cut assembly line handling without affecting quality.

Keller "Airfeedrills"® and other Keller air tools are giving some of these manufacturers a big boost in the right direction.

Shown above, for example, is a fixture especially designed to simplify assembly line production scheduling. It's now in use at ten auto plants. The problem: to drill

mounting holes for emblems at a late stage of assembly so that trim can be decided for selected models without scheduling in advance.

Keller engineers developed this fixture, which mounts four "Airfeedrills" backed by four air cylinders. The drills go through an automatic sequence: drilling, stopping and retracting automatically in a single operation.

Not only in the automotive industry, but in many another, Keller air tools are helping manufacturers cut costs while customers get better products, for less. *Gardner-Denver Company, Quincy, Ill.*



ENGINEERING FORESIGHT—PROVED ON THE JOB  
IN GENERAL INDUSTRY, CONSTRUCTION, PETROLEUM AND MINING

# **GARDNER - DENVER**



# EVERY HOUR... EVERYWHERE

...electric power becomes more abundant

In the twentieth century, prosperity is directly related to abundant electricity! This realization has swept the globe in recent years, leaving in its wake an outcropping of power facilities beyond the most extravagant predictions. In all corners of the earth, electrification is becoming "the watchword for progress."

Even in the United States, where an ample supply of electrical power has long been taken for granted, electric generating capacity is increasing at an unprecedented rate. In fact, the projected new capacity to be installed in the next decade will substantially exceed the total capacity that the American utility industry has attained in the seventy-five years it has been in existence.

Combustion Engineering is proud of its contribution to the more abundant power movement. Doing business throughout the free world, C-E has helped bring the most advanced, the most economical facilities for steam-electric generation to countries all over the globe. And in 1956 it did so on a greater scale than ever before — with sales of utility boilers at home and abroad, expressed in terms of generating capacity, reaching an all-time record of ten million kilowatts — more capacity than the entire American utility industry installed in any year prior to 1954. These newly ordered C-E Boilers will soon be helping to bring more electricity to homes and industries in twenty-seven states of the U.S.A. and numerous foreign countries.

**C-E ACTIVITY "ROUND THE WORLD" IN 1956** is shown by this list of countries outside the U.S.A. in which C-E steam generating and related equipment was placed in service in 1956—or is currently on order or under construction. This equipment includes boiler, not only for power generation but for all steam requirements of industry—in plants small and large, using a wide variety of fuels

Argentina  
Belgium  
Brazil  
British West Indies  
Canada  
Chile

Colombia  
Cuba  
Dominican Republic  
Ecuador  
Egypt  
El Salvador

England  
Finland  
Formosa  
France  
Guatemala  
Holland

India  
Israel  
Italy  
Japan  
Korea  
Mexico

Newfoundland  
Norway  
Panama  
Peru  
Philippines  
Puerto Rico

Sicily  
South Africa  
Spain  
Spanish Morocco  
Sumatra  
Venezuela

## COMBUSTION ENGINEERING

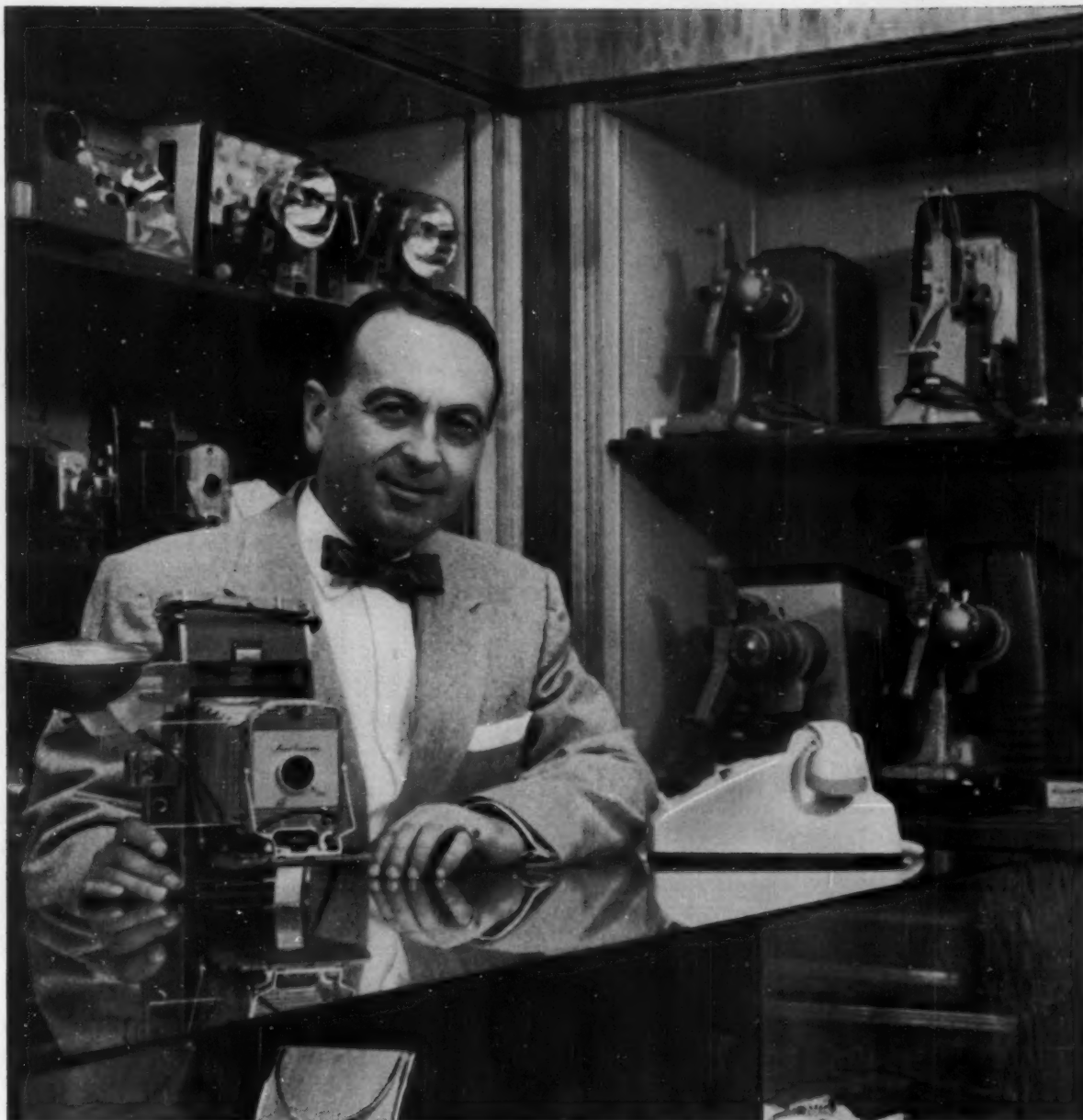
Combustion Engineering Building • 200 Madison Avenue, New York 16, N. Y.



ALL TYPES OF STEAM GENERATING, FUEL BURNING AND RELATED EQUIPMENT; NUCLEAR REACTORS; PAPER MILL EQUIPMENT; POLYMERIZERS; FLASH DRYING SYSTEMS; PRESSURE VESSELS; SOIL PUMP

B-982A





J. W. Levin, Manager, Zale's Jewelers, Oklahoma City

## Telephone selling increases size of out-of-town orders

"When we answer inquiries by telephone, our out-of-town customers get faster service and we get bigger orders," says J. W. Levin, of Zale's Jewelers, Oklahoma City.

"We can answer questions directly, clearly, and tell about related items the customer may not know we carry. For example, last week a customer asked about a \$49.50 camera, finally bought a more expensive model."

Zale's advertises regularly in newspapers in other cities. Every ad

urges the reader to call the firm collect. Mr. Levin says, "Next to over-the-counter selling, nothing succeeds like a sales talk by telephone."

*The telephone can fit into your operations profitably, too. A telephone representative will show you how. Just call your Bell Telephone Company business office.*

**BELL TELEPHONE SYSTEM**  
Call by Number. It's Twice as Fast.



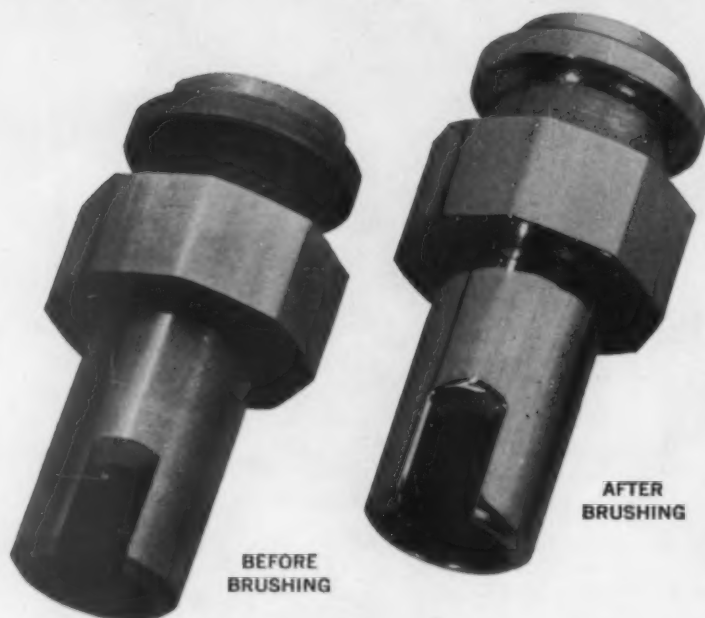
### LONG DISTANCE RATES ARE LOW

#### Daytime Station-to-Station Calls

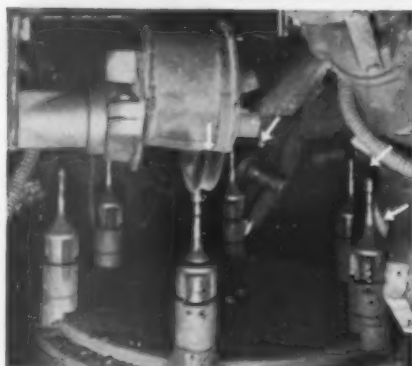
For example:	First 3 Minutes	Each Added Minute
Cleveland to Detroit	55¢	15¢
Oklahoma City to Dallas	75¢	20¢
Baltimore to Boston	\$1.10	30¢
St. Paul to New York	\$1.20	45¢
Denver to San Francisco	\$1.20	45¢

Add the 10% federal excise tax

# OSBORN BRUSHING METHODS worthy of your confidence



## 6-second finish



Four Osborn Monitor® Brushes remove burrs and produce accurately finished parts.

**T**HE efficient job performance demanded of these cylindrical steel parts requires the proper finishing of their many surfaces. Power brushing proved to be the most effective method for removing the sharp edges and small burrs.

In the operation shown at left, Osborn Power Brushes mounted on an automatic rotary machine remove minute burrs and blend surface junctures. This is done on a 6-second cycle . . . quickly, accurately and economically.

An Osborn Brushing Analysis, made in your plant at no obligation, may point the way for improvements in your operations. Write *The Osborn Manufacturing Company, Dept. A-96, Cleveland 14, Ohio.*

# Osborn Brushes

Write TODAY for  
the new  
100-page Osborn  
Catalog 210-C.

BRUSHING METHODS • POWER, PAINT AND MAINTENANCE BRUSHES  
BRUSHING MACHINES • FOUNDRY MOLDING MACHINES

is why some manufacturers have been acting as bankers.

## Well Done

Dear Sir:

The articles in your magazine are so consistently good it is difficult to prefer one over the other.

I do, however, want to congratulate you on the particular excellence of your article *Now the Brass is Always Roving* [BW—Jan.26'57, p132]. I don't think I have seen anything in the magazine which so completely and accurately covered the situation, as you have done in this case. At the very least, it should help those of us who are in the position described to convince our wives that there are other people who face the same problems as their husband does.

ARTHUR TODD

DIRECTOR OF PURCHASE  
ENGINEERING  
LINCOLN ELECTRIC CO.  
CLEVELAND, OHIO

## Interest-Wise

Dear Sir:

Re: *Interest and Savings* [BW—Mar.16'57,p190]. From your compendium of opinion it seems reasonable to conclude that if an increase of ½ % to 1% in interest were significant to more than a few, there would be greater unanimity—also a stronger surge away from postal and bank savings toward building and loan, bonds, investment trusts and utility or conservative industrial commons. . . .

The fact that there is a continuing swing toward these better returns shows that a few more people become aware each year of the possibilities. On the other hand, the mounting consumer credit (at 12% to 35% per annum) shows most people are non-savers, affected only by the size of payments.

P. S. BARROWS

DEL MAR, CALIF.

## Big Brother Campaign

Dear Sir:

As an ex-General Motors dealer, I found your susceptibility to and furtherance of General Motors' big benevolent brother campaign in *The Auto Market at Midstream* [BW—Mar.2'57,p25] a sickening manifestation of the axiom "the rich get richer" which GM is doing through immense and fantastic programs designed to cultivate public favor.

W. C. HOFFMAN

CRAWFORD, NEB.

# STEEL MAKES NEWS AT GRANITE CITY!

Interesting, unusual  
facts about  
Mid-America's  
dependable source  
of flat-rolled steel



Mill produces enough  
galvanized roofing and  
siding a year to build a  
barn 3 miles long... 2  
miles wide... ½ mile high!

Imagine a barn big enough to cover Manhattan Island from Washington Square to Central Park . . . *skyscrapers and all!* You could build such a structure with the galvanized corrugated steel sheets produced by Granite City Steel Company last year. Used in something far more practical than a giant barn, however, these sheets actually help to make *thousands* of farm and industrial buildings stronger, better looking, longer lasting *as only steel can*.



## Many nonmetal consumer products also get their start at Granite City Steel

When Granite City Steel Company heats coal to produce coke (one of steel's three basic raw materials), valuable coal chemicals such as tar, benzol and ammonia are also formed in the process. Sold in tremendous quantities to other manufacturers, these chemicals find their way into myriads of useful products ranging from acid and aspirin to dyes and detergents.

## GRANITE CITY STEEL CO.

Granite City, Illinois

SALES OFFICES:

Dallas • Memphis • Minneapolis • Kansas City  
St. Louis • Houston • Tulsa

SUBSIDIARY—GRANCO STEEL PRODUCTS CO.





### NEW ADVANCES IN RESEARCH AND ENGINEERING

Spearheading the development of new materials handling methods and equipment are the creative engineering staffs of the Yale Research Center in Valley Forge, Pa., and of the Yale Philadelphia Plant. Among the Yale advances of recent months: Yale "Integrated Design" Gas and Electric Trucks; the shortest rider-type electric truck; automated Yale hoist systems. In future months, Yale will give industry even more dramatic advances.

### EXPANDED SALES AND SERVICE FACILITIES

Today, a total of 83 Yale Sales and Service Offices, located throughout the United States and Canada, offer quick, on-the-spot attention to your specific needs. Each unit is staffed with highly qualified materials handling salesmen and factory-trained service personnel.



### EXPANDED PRODUCTION FACILITIES ►

New Yale plant in San Leandro, California will meet industry's need for ready availability of industrial lift trucks in the West (*right*). In addition, the production capacity of Yale's headquarters plant in Philadelphia has been increased to further meet industry demand.



# YALE BUILDS FOR THE **NEW ERA**

Today, expanding industry is in the New Era of faster production and distribution of goods in greater volume than ever before. To meet the higher goals, progressive management demands bold, new—and practical—methods for handling materials of every type with greater speed, efficiency and cost control.

To this end, Yale builds—to offer industries of every type and size new scope in dealing with the handling problems created by rapid industrial growth. Yale builds with *research and engineering*—with aggressive inquiry into every facet of materials handling, with advances in equipment design and application.

Yale builds with *expanded sales and service facilities*—bringing industry into closer local contact with men of wide experience in the materials handling field. And, Yale builds with concrete evidence of its recognition of industry's need not only for industrial lift trucks and hoists that fill today's critical requirements, but also for their ready availability. Such evidence is the *new Yale plant in San Leandro, California*.

These most recent Yale developments, all geared to give industry better handling methods and faster service, will be followed by still others in the months ahead. Look for them—as Yale builds for the New Era.

## YALE\*

\*REG. U. S. PAT. OFF.

### YALE & TOWNE

## INDUSTRIAL LIFT TRUCKS AND HOISTS

GASOLINE, ELECTRIC & LP-GAS INDUSTRIAL LIFT TRUCKS • WORKSAVERS  
WAREHOUSERS • HAND TRUCKS • HAND AND ELECTRIC HOISTS

THE YALE & TOWNE MANUFACTURING COMPANY, MATERIALS HANDLING DIVISION. MANUFACTURING PLANTS IN PHILADELPHIA, PA., AND SAN LEANDRO, CALIF.





## Bulldog's pioneers solve production problems

At Bulldog, designers are always polishing off production problems with a liberal application of creative thought. Their designs for better electrical distribution systems bring new solutions to your problems—designs that speed production, cut costs and encourage rapid expansion.

Bulldog has pioneered in this for years—originating such "firsts" as plug-in duct, Trol-E-Duct® and other advances which are now standard in the industry. Bulldog research continues to retire outdated ideas—finds new, different and better power systems for you.

Consult your Bulldog field engineer now. Benefit from the combined talents and products of the country's most outstanding electrical company—I-T-E Circuit Breaker Co., and its divisions and subsidiaries—R&IE, Chase-Shawmut, Kelman, Victor Insulator and Bulldog. © BEE'CO

Bulldog Electric Products Company, Detroit 32, Mich. • A Division of I-T-E Circuit Breaker Company • Export Division: 13 East 40th St., New York 16, N.Y. In Canada: Bulldog Electric Products Company (Canada) Ltd., 80 Clayson Rd., Toronto 15, Ont.



IF IT'S NEW... IF IT'S DIFFERENT... IF IT'S BETTER... IT'S

# **BULLDOG**

**ELECTRIC PRODUCTS COMPANY**

A DIVISION OF I-T-E CIRCUIT BREAKER COMPANY

# How to step up your sales power



**E**VERY SALES MANAGER knows the formula for maximum sales power: Fill your field force with enthusiasm, drive, self-confidence. Impress wavering buyers by building a reputation for fast movement. Give your home office people time to keep on top of every detail and use every modern sales management tool.

More than 4,000 sales managers a year have learned that these benefits are a routine result of Cappel, MacDonald incentive plans. You, too, can get results like these.

## Retail Plan increases sales 163%

"Not too long ago, one of our very important distributors showed signs of decreasing interest... due to other manufacturers offering cash premiums," reports a paint manufacturer.

Here's what happened when he offered C-M prizes to retail clerks: "For five months of the previous year, their

purchases amounted to \$39,807.57. For the same five months of the campaign year, their purchases were \$104,786.89. An increase of \$64,979.32."

## Sales doubled in face of slump

"Carpet sales were unseasonably depressed in the entire industry," writes one C-M client. "Special stimulation was needed to meet last year's figures. Sales doubled during the two month period of the contest."

## Travel-Merchandise plan succeeds

"The combination of a trip and merchandise prizes was very successful. Salesmen will work harder for something they normally won't buy, but want, than they will for cash awards," says a food grower. "Sales were up considerably over a like period when we had another type of promotion."

## A complete package: Plan, Travel, Merchandise, Promotion, Service

When you call in the C-M man, you don't pile a crisis on top of a problem. You don't overload your staff or strain your budget with overtime and extra payroll.

Drawing on 35 years' experience, C-M executives tailor a plan to fit your

objectives, your budget and your winners' tastes. Prizes include 1,500 nationally advertised products, plus fabulous trips to any place in the world.

Colorful promotions to stimulate your men and their families, and provided by the largest and most experienced creative department specializing in incentives. Other experts handle the correspondence and detail needed to make a campaign run smoothly.

Spurred by the offer of wanted luxuries or glamorous travel awards, your salesmen call up hidden reserves of energy, take a sudden interest in training material, grow more confident with every extra sale. Featured products gain hard-to-stop momentum. Sales increase, but sales-expense stays down.

## Professional service is free

As many as 400 specialists are provided to free your staff of extra campaign duties. Yet you pay only for printing and prizes—merchandise at wholesale prices, travel at regular carrier rates. Since prizes are won only by results, even this modest campaign expense is largely self-liquidating.

So, if you want to step up your sales power without stepping up your budget, ask the C-M man to explain this proved sales incentive service.

## Cappel, MacDonald & Company



Dayton, Ohio... Offices in principal cities, Canada and Europe

SALES INCENTIVE PLANS

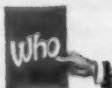
Featuring Air Travel on...

 **AMERICAN AIRLINES**

 **PAN AMERICAN**

### GET FREE HINTS ON MOTIVATING SALESMEN

Phone the nearest C-M office, or write on your letterhead for your copy of "Who's Selling Who?" Cappel, MacDonald and Company, Dept. B-4, Dayton 1, Ohio.





## WHAT MAKES CHESSIE'S



In addition to outside purchases, C&O builds many of its freight cars. Here Shop Superintendent J. C. Rayburn shows Mrs. Loutsch the final stenciling step.



In Railroad YMCA at Russell, Ky., Shareowner Price (right) talks with two employee-shareowners, Freight Conductor Arnold M. Smith (left) and Transportation Clerk Bert W. Harris. Many C&O men and women participate in employee stock purchase plan.



Shareowner Loutsch, near Flint, Mich., looks over new tracks to serve gigantic auto body plant. 98 new industries located on C&O in 1956, over 1,000 in the last ten years.



At Newport News, Va., C&O's Atlantic port, Mr. Price inspects the new coal export pier, just completed. Almost half of overseas export coal is handled here. He also saw the new \$8 million pier designed to unload 60 tons of import ore per minute.



At The Greenbrier, Chesapeake and Ohio's magnificent resort hotel in West Virginia, Mrs. Price (center) joins her husband and Mrs. Loutsch.



In the Cleveland headquarters they see the new electronic computer which, among other things, makes out theirs and 90,000 other quarterly dividend checks in half a day.



At the end of their trip they talk over their observations with Chesapeake & Ohio Board Chairman Cyrus Eaton (second from left) and President Walter Tuohy.



## RAILROAD GROW?

*One of a series telling what Chesapeake and Ohio is doing to make this a bigger, better railroad.*

### Two Chessie shareowners see for themselves

Two typical Chesapeake and Ohio shareowners, unknown to C&O management except through letters expressing interest in "their" railroad's affairs, recently were invited to tour the 5,100 mile system and make a report to Chessie's 90,000 shareowners. Here are a few highlights of their trips:



Mrs. Genevieve Loutsch, a Chicago office manager and owner of 50 shares, hears about electronic railroading from John Charters, Trainmaster at Grand Rapids. She says: "As a shareowner, I am confident my investment is secure in the hands of these forward-looking specialists who manage the Chesapeake and Ohio Railway".

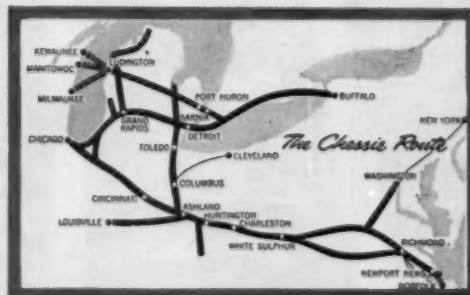


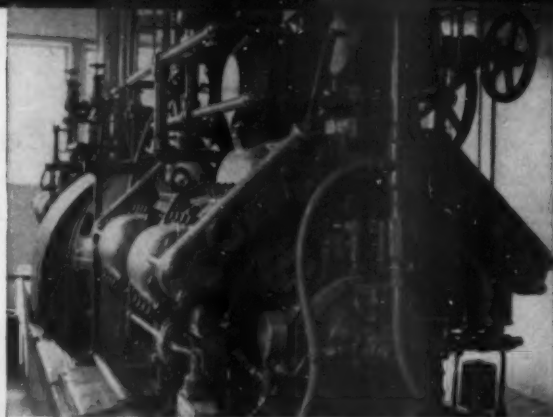
C. Grattan Price, Jr. of Harrisonburg, Va., an insurance agent and owner of 100 shares, rides in locomotive cab of fast merchandise freight train with Engineer Ott Foster. Shareowner Price writes: "My trip has been an eye-opener. I have seen a magnificent property, superbly maintained, and efficiently operated. I am absolutely convinced that 'Chessie's' brightest years lie ahead".

A 24 page pictorial report of where these two shareholders went and what they saw has been mailed to all shareholders along with the annual report for 1956 — again Chessie's Best Year. If you would like a copy of both, write to:

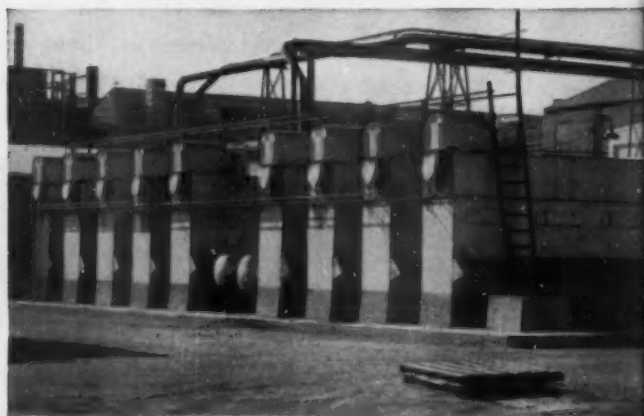
## Chesapeake and Ohio Railway

3804 TERMINAL TOWER, CLEVELAND 1, OHIO





**EARLY YORK PLANNING** helped solve refrigeration problems at Exchange Lemon Products Co. Above two York V/W compressors powered by 300 HP motor provide refrigeration for low temperature evaporation process. Here fresh fruit juice is concentrated by boiling at a temperature of  $+65^{\circ}\text{F.}$  to  $+70^{\circ}\text{F.}$  assuring fresh fruit quality and flavor.



**GIANT YORK ECONOMIZERS** (Evaporative condensers) part of various refrigeration systems utilized in phases of processing. Quality control is essential since lemon juice and lemon by-products are used in many ways from tasty lemon drinks to perfume and pharmaceuticals.



**FINAL STEP** in juice production is can-closing. At this stage, cans are sent to freezing tunnel which is maintained at  $-40^{\circ}\text{F.}$  Once quick frozen, product is sent to refrigerated warehouse where it is stored at  $-10^{\circ}\text{F.}$

◀ **SORTED LEMONS** at world's largest integrated lemon processing plant, Exchange Lemon Products Company, Corona, California, start the Sunkist juice process with fruit transported by huge stainless steel conveyors.

# YORK<sup>®</sup> PRIOR PLANNING SERVICE controls refrigeration costs by early analysis of system needs

- Major tasks assigned to today's refrigeration require major system expenditures.
- Thus, it is essential that the system incorporate its own safeguards for performance, accuracy, reliability, long life — without being over-engineered.
- York's 5-point PRIOR PLANNING SERVICE assures precise technical data on system needs early in the planning stages to help you, your consultants design a better system without costly changes later on.

No two refrigeration systems are exactly alike. The conditions vary, the job to be done varies, even the speed in which the same job is to be done often varies. Through Prior Planning Service, the York engineer can help owner, contractor, consultant on *any* refrigeration problem. By calling on his vast experience and training in refrigeration, he can provide a thorough and accurate analysis of system requirements, determine the exact characteristic of the variables which affect system design, including:

- ambient conditions
- cooling rate
- constant or variable loads
- quantity of water
- lowest temperature required
- power source
- location of engine room

Armed with this information, it is then possible to design

a system that will meet the needs precisely, provide insurance against product spoilage or production downtime, allow for expansion without requiring an over-investment.

Through Prior Planning Service, the York sales engineer brings to your refrigeration problem unparalleled experience. York refrigeration system installations include the gigantic environmental laboratory for U. S. Navy, Trenton; Sunkist's Exchange Lemon Products Company, California; Carling Brewery, Natick, Mass.; Lehigh Valley Cooperative Farmers milk plant, Allentown, Pa.

You may rely with complete confidence upon the good judgment and recommendations of the York engineer. Call him *early* in your planning, or write York Corporation, subsidiary of Borg-Warner Corporation, York, Pennsylvania. In Canada, Canadian Ice Machine Co., Toronto.

## PRIOR PLANNING SERVICE works 5 ways

**1. EARLY ANALYSIS** gives you all the technical data needed to make decisions.

**2. PROPER SELECTION OF EQUIPMENT.** York supplies *all* types, can be objective in recommending the equipment that is right for the job.

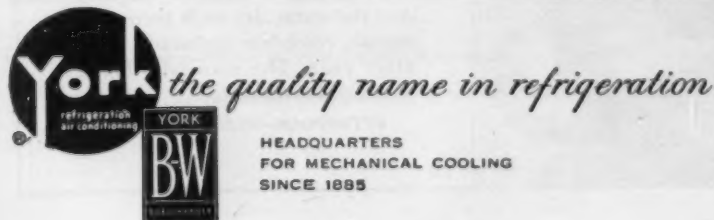
**3. BEST USE OF TIME, MATERIALS.**

York can help the engineers, contractors and consultants on space, design specification problems, avoid costly changes later.

**4. INSTALLATION SUPERVISION.** When desired, York supervises system installation, tests and adjusts it, trains operators on how to utilize all

of its outstanding capabilities.

**5. MAINTENANCE SERVICE.** When you specify York, a York Certified Maintenance Contract can also be specified assuring regular system inspection, 24-hour emergency service, all repairs, complete reports on the system's conditions.



HEADQUARTERS  
FOR MECHANICAL COOLING  
SINCE 1895

# YORK

C O R P O R A T I O N

SUBSIDIARY OF BORG-WARNER CORPORATION

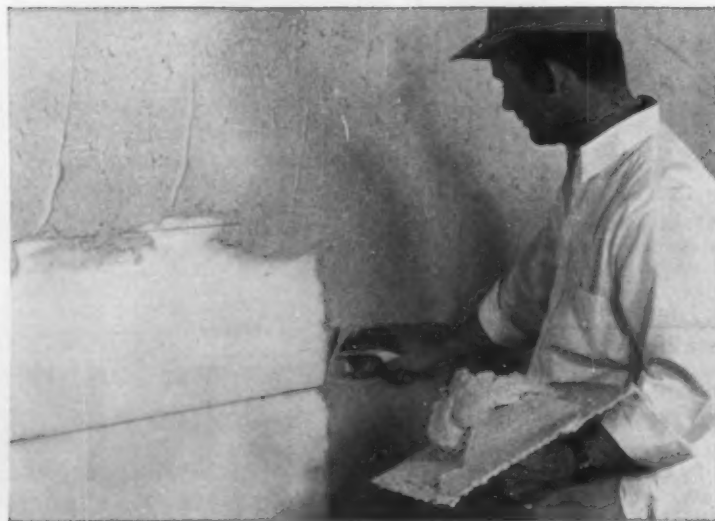


1. National Homes Corp., Lafayette, Indiana, specifies laying 1 in. x 12 in. Styrofoam horizontally inside the foundation . . .



2. Then placing 1 in. x 12 in. Styrofoam in an upright position against the concrete foundation wall . . .

## National Homes uses Styrofoam\*



### *A new concept for masonry construction:*

Styrofoam is used to eliminate dampness and cut building costs. Portland cement mortar bonds Styrofoam to the masonry—permanently, without studs. Plaster keys directly to Styrofoam surface—smoothly, without lathing. No special training or tools are needed. And the warm, dry walls keep their smooth, crack-free appearance year after year. The man who looks ahead will investigate . . .

**STYROFOAM—FIRST IN FOAM**





3. When the concrete floor is poured, National Homes finds their houses have complete perimeter protection from both damp and cold! And protection lasts the lifetime of the building with Styrofoam—First in Foam!

## for lifetime, damp-free insulation

There are good reasons why experienced builders, such as National Homes Corporation, recommend Styrofoam (a Dow plastic foam). The same reasons help other businessmen gain greater insulating efficiency—with important economies.

Styrofoam is a rigid insulation containing millions of independent air cells. It provides true protection against dampness because neither water nor vapor can penetrate the cells. The low thermal conductivity stays low because Styrofoam does not deteriorate—it lasts a lifetime!

The compressive strength is great enough to support

concrete floors. Yet Styrofoam is feather-light. It is clean, odorless, nonirritating. There's no rot, mold or deterioration. And installation is easy with savings in both labor and materials.


But what makes Styrofoam even more outstanding is its many uses, some never before practical. The applications range from perimeter to industrial equipment, from plaster base insulation to low-temperature construction, and include roofs, slabs and walls, both cavity and solid. New uses are reported from day to day to furnish further reasons why this revolutionary insulation material is worthy of your investigation.

\*Styrofoam is a registered trademark of THE DOW CHEMICAL COMPANY

For further information write THE DOW CHEMICAL COMPANY, Midland, Michigan—Plastics Sales Department PL1736V.

YOU CAN DEPEND ON





## How engineers design modern concrete roads to save lives and money

Highway engineers design these four important features into the main roads they are building today to give highway users the utmost in safety, comfort and service.

**Limited access** provides safe entry or exit from the road at periodic intervals while allowing continuous speed for through traffic.

**No grade crossings** and no stop lights! On modern highways all traffic on intersecting roads goes over or under the highway.

**Wide median strips** separate opposing streams of traffic. Result: no blinding lights, no danger of a head-on collision.

**Wide traffic lanes** allow you more room. And maximum safety results when the lanes are paved with concrete. Concrete is skid-resistant, wet or dry. Its light color provides the best night visibility. Concrete lasts longer, costs less to maintain, gives *low-annual-cost* service.

The 41,000-mile National System of Interstate and Defense Highways will be built in the next 13 years. When finished it will provide safer, faster, more comfortable travel for everyone.

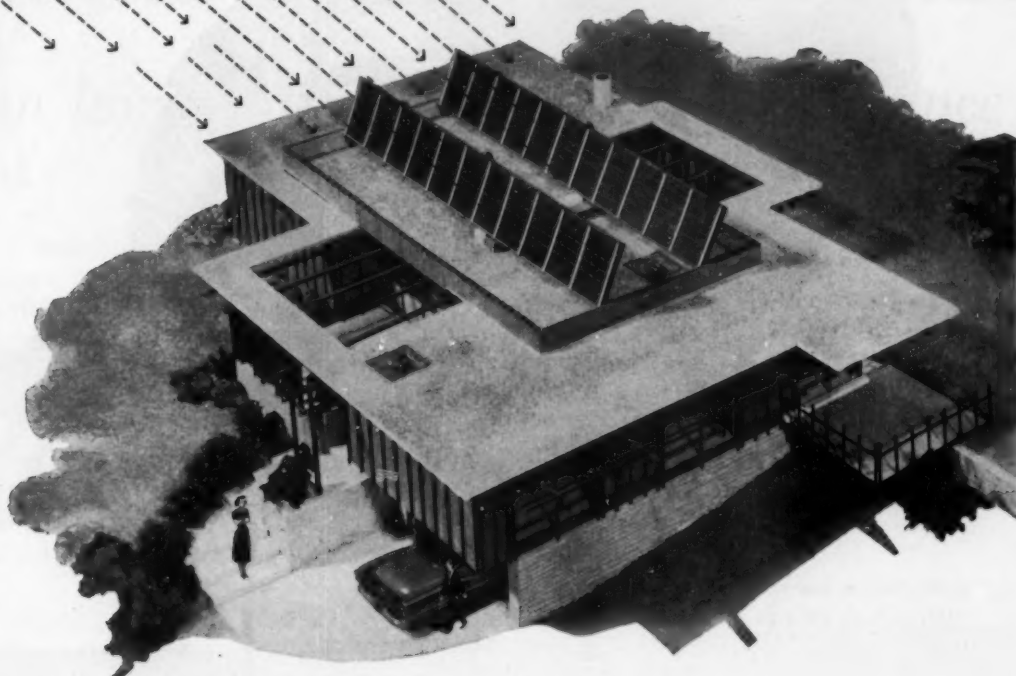
### **PORTLAND CEMENT ASSOCIATION**

33 West Grand Avenue, Chicago 10, Illinois

A national organization to improve and extend the uses of portland cement and concrete... through scientific research and engineering field work

# Solar Heating

Years ahead of its time!



Unique Solar Home Heating and Air-Conditioning Project features

## **American** LUSTRAGLASS as Vital Part of its Performance

The "home of the future" will be heated and air-conditioned by trapping and utilizing the sun's rays. A solar heating system that is being built into an experimental house now under construction in Denver, Colorado, uses the patents of American Window Glass Company. This modern structure will be the home of Dr. Löf, consulting engineer and international authority on solar energy applications, who has chosen this heating system to gain additional experience under actual living conditions.

AMERICAN has built two large glass heat collectors that will be located on the roof and tilted to receive maximum exposure to the sun's rays. The air passing through these collectors is heated to approximately 200° F and then directed through ducts to the rooms of the house. Hot air not needed for immediate use is drawn to the basement where it enters large cylinders containing coarse rock fragments that store the heat for a 24-hour

period. In the summer, the same solar energy can be used to operate an air-conditioning unit.

In addition to its use in glazing the house, AMERICAN LUSTRAGLASS has been found to be the most efficient glass for solar collectors. As today's building industry knows, the clearest sheet glass produced is AMERICAN; it transmits the highest percentage of solar energy.

These developments in solar heating—and AMERICAN'S new glare reducing glass, LUSTRAGRAY—are efforts of a company with the vision to create more comfortable living.

MODERN GLASS  
*Best at a Glance*



# American

WINDOW GLASS COMPANY  
PITTSBURGH, PA.

WGW 6889

PLANTS: ARNOLD, PA. • ELLWOOD CITY, PA.  
JEANETTE, PA. • OKMULGEE, OKLA.

# ***NEW***



## THESE 4 FEATURES MAKE NEW R & M ARMATURES OUTSTANDING

■ All coils are wound simultaneously. Coils are exactly identical, assuring identical electrical and physical characteristics. Conventional methods produce windings with individual coils having varying amounts of wire and consequent non-symmetry.

■ Armature coils are uniformly positioned and anchored securely. Interlocked winding pattern resists conductor and coil end movement. This unique construction

minimizes abrasion of wire insulation, a common cause of high speed armature failure.

■ Maximum coil end exposure resulting from distinctive winding pattern permits maximum heat dissipation. Lower temperatures prolong armature life.

■ More uniform electrical characteristics reduce arcing at brushes, improving commutation and prolonging brush life.



## **ROBBINS & MYERS, INC.**

SPRINGFIELD, OHIO

BRANTFORD, ONTARIO



Motors



Fans



Hoists



Moyno Pumps



Propeller (Industrial) Fans



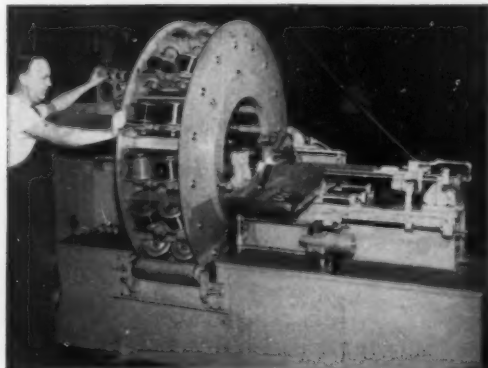
# R & M PRECISION

# MACHINE-WOUND ARMATURES

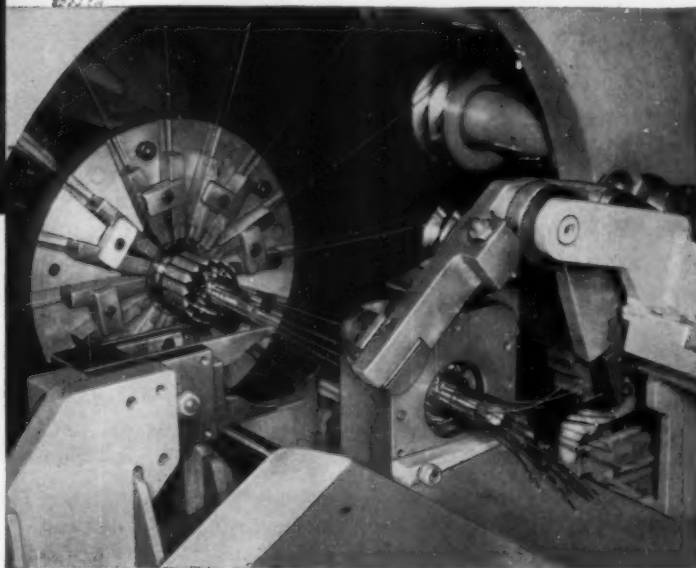
*can improve your product's performance!*

■ A new basic development in armature winding technique, perfected by Robbins & Myers, now produces armatures for Universal or Series Motors which are superior to those heretofore available for original equipment manufacturing. The new R & M armature winding machine winds all coils simultaneously . . . uniformly positions them . . . and the coils are physically and electrically identical! Weaknesses inherent in armatures wound by conventional methods are eliminated. The new R & M machine produces armatures of finer, more uniform construction which will give longer, more dependable service!

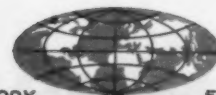
*Contact a Robbins & Myers representative for additional details on R & M  
universal motors and series motor parts  
or write for Bulletins 444-BZ and 445-BZ.*



AUTOMATION AT R & M SPEEDS ARMATURE  
WINDING AND IMPROVES ELECTRICAL AND  
PHYSICAL QUALITIES OF PRODUCT.



BETTER AIR CONDITIONING FOR EVERYBODY



EVERYWHERE

**Carrier**

## Which is the best way to air condition your store?

That depends on the store. The amount of floor traffic, the kind of merchandise, the lighting can make big differences.

To make sure of the best way to air condition your store, talk with the Carrier representative in your community.

He handles every type of air conditioning. (Four of them are shown at the right.) So his only interest is to recommend the type that serves you best. Throughout the world, in thousands of dependable installations, Carrier air conditioning serves more people and more purposes than any other make. Good reason to call the Carrier dealer or office listed in your Classified Telephone Directory. Carrier Corporation, Syracuse, New York.

Ask your Carrier dealer for copies of the free booklets, "Which Is the Best Way to Air Condition Your Business?" and "Which Is the Best Way to Air Condition Your Home?" Or write to Carrier Corporation.



**Do you have a small shop?** This Carrier Summer Weathermaker\* can be installed out of sight in the back room. Since the air-cooled refrigeration section is remotely located, none of your floor space will be used.



**Do you have a large store?** One or more of these self-contained Carrier Weathermakers will air condition any space, regardless of size. Compact and easy to install, they may be used with or without ducts.



**Do you have a supermarket?** A large Weathermaker like this can be installed in the wall or back room to save valuable selling space. Inexpensive ducts on the ceiling distribute cool, filtered air through the store.



**Do you have a department store?** Several Carrier System Weathermakers like the one illustrated above can be located throughout your building. They are supplied with heating and cooling from a central plant.

At a single desk a complete  
automatic billing department...the

# Computyper<sup>®</sup>



A primary unit  
in the automatic office

Delivers complete invoice with  
all extensions, additions,  
deductions and totals at  
rate of 10 digits per second

COMPUTYPER combines  
automatic writing and  
automatic calculating

Automatic tape-punch and  
reader make Model C Com-  
putyper an IDP Tape-Talk  
(common language) ma-  
chine; available as Model B  
without this equipment

Interprets and records both  
alphabetical and numerical  
data... eliminating all hu-  
man errors in copying

Operated by typist only  
(calculating is automatic)

Not only billing but many other typing-computing operations are systematized by the Friden Computyper. Inventory, for example. Also cost analysis, sales distribution, statistics. Model C Computyper, while creating original records, produces by-product punched tape for automatic transfer of data to punched cards or accounting records by other common language machines. Being itself an IDP common language machine, the Computyper also produces and interprets tape or edge-punch cards. Ask for a demonstration by your nearby Friden Man.

# Friden

brings you an automatic office

Commercial Controls Corporation, Rochester, N.Y., Subsidiary

© Friden Calculating Machine Co., Inc., San Leandro, California—sales, instruction, service throughout U.S. and world.

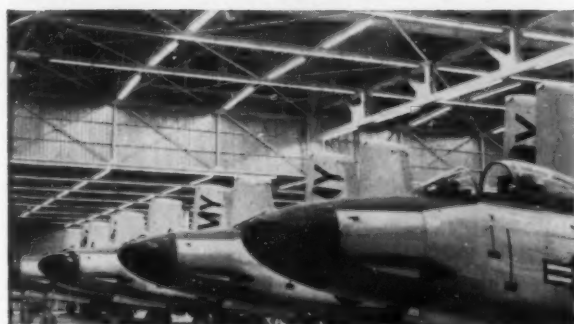


# Companies using General Electric's Simplified Lamp Replacement Plan save as much as \$7,500 a year!



E. A. Lindsay, well-known G-E authority on industrial lighting.

**SPECIAL REPORT by E. A. Lindsay**



Factories, like McDonnell Aircraft Corp., realize big savings annually with General Electric's Simplified Lamp Replacement Plan. They maintain a higher light level, too.



Office buildings are kept brighter—at lower cost. Brown Shoe Company uses this new relamping system in their new St. Louis office—saving about 10¢ per lamp per year!



Small businesses can profit, too, by replacing all their lamps at one time. Naturally, the dollar savings will not be as important as the savings in time and trouble.

**CLEVELAND, OHIO**—Ask anyone here at General Electric why they're so enthusiastic about the G-E Simplified Lamp Replacement Plan—replacing fluorescent lamps in groups instead of one-at-a-time—and he'll explain it this way: "If you knew exactly when your car was on the brink of costing you a big repair bill, you'd stop driving it just short of that point and trade it in, wouldn't you? Well, we control the making of our lamps so carefully that we are able to tell you the most economical time to change them. This enables our customers to replace *all* the G-E Lamps in a given section or department before the great majority are about to burn out." The result? Fewer interruptions of office or factory work; a cleaner, brighter lighting system; fewer starter and ballast breakdowns; more light for the money.

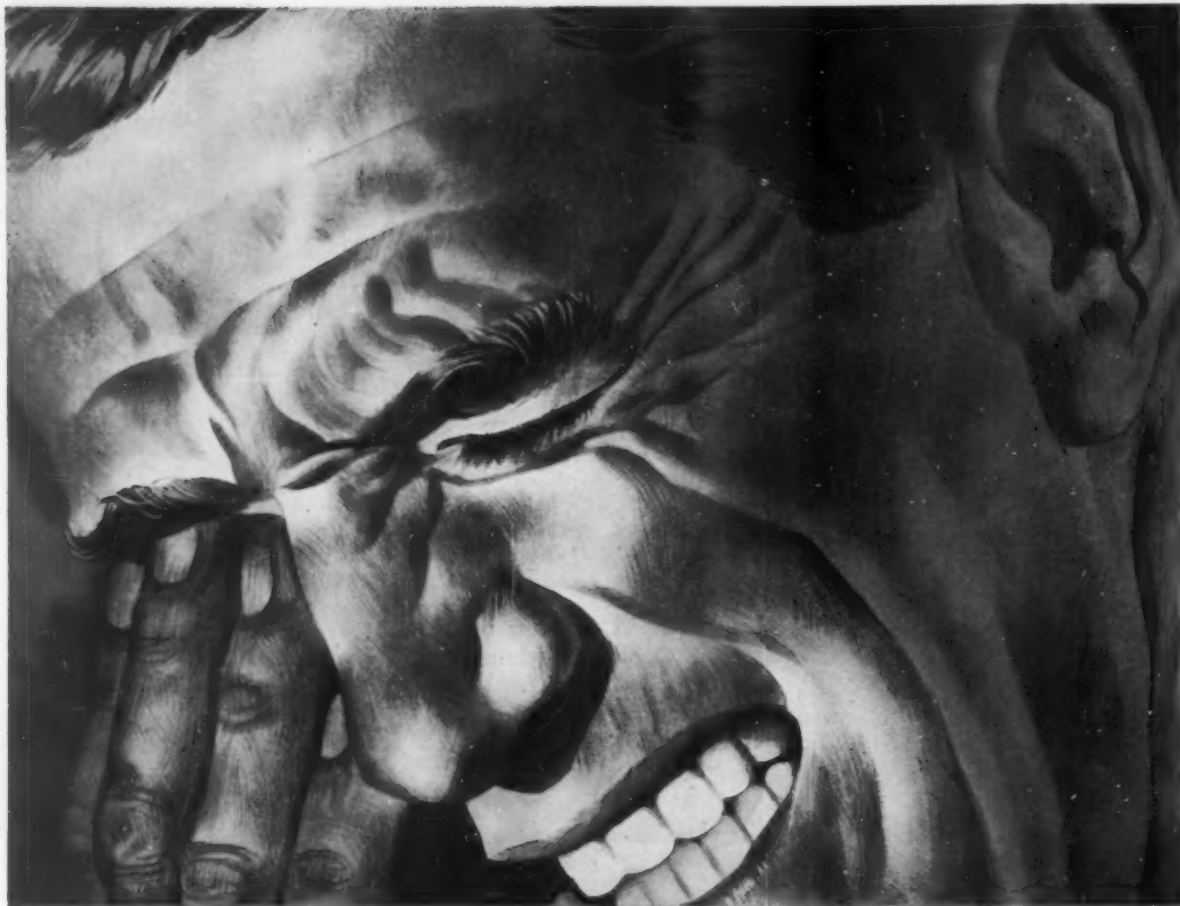
**30 LAMPS OR 30,000**—Regardless of its size, your company can benefit by General Electric's Simplified Replacement Plan. Brown Shoe Company does this in their beautiful new St. Louis offices. By changing their 5,000 lamps every 18 months, they save about \$500 a year. At McDonnell Aircraft, they replace over 30,000 G-E Lamps regularly with a reported yearly savings of \$7,500! On the other hand, the owner of a filling station in Burlington, Vermont, replaces his few lamps yearly and he saves, too. Naturally his dollar savings are of secondary importance to his savings in time and annoyance.

**LET G-E'S GROUP RELAMPING PLAN CUT YOUR COSTS.** Since one-at-a-time lamp replacement adds up to a big expense, it's easy to make substantial savings by taking advantage of the *uniform performance* of G-E lamps. Early burnouts are avoided. Actual results show that 99 out of 100 General Electric fluorescent lamps will still be burning after a year's service in single-shift plants.

**GET THE WHOLE STORY** on G-E's Simplified Lamp Replacement Plan. Write for the booklet, "Group Relamping Pays Dividends"—General Electric Company, Large Lamp Dept. BW-4, Nela Park, Cleveland 12, Ohio.

*Progress Is Our Most Important Product*

**GENERAL  ELECTRIC**



## 50 EYES...\$235,000 SAVED\* IN 18 MONTHS!

(How Eye Protection pays off for another leading U. S. Company)

One employee had his eyesight saved *four times* by the use of safety goggles . . . another, a *crane operator* has his goggles to thank for warding off a flying fragment which traveled over 50 feet. Overall, in the plants of American Brake Shoe Company, fifty eyes were saved in eighteen months (90 eyes in 30 months), by a sound eye protection program.\*\* It works!

\*The \$235,000 figure is based on the *average* automatic award of \$4,700 for each lost eye for *compensation alone* in the several states in which the American Brake Shoe Company operates. Your state may average more or less. Why not find out? Better yet, find out how little it costs to install an American Optical Eye Protection Program which can pay for itself in less than six months! Write American Optical Company, Southbridge, Mass., or call your nearest American Optical Safety Representative.

\*\*Quality protective equipment such as American Optical safety equipment is an indispensable ingredient in saving eyes and dollars . . . and costs no more.




Pouring operation in foundry of American Brake Shoe Company plant at Mahwah, New Jersey. Note safety goggles on foundrymen.

American  Optical  
COMPANY  
SAFETY PRODUCTS DIVISION

SOUTHBIDGE, MASSACHUSETTS  
BRANCHES IN PRINCIPAL CITIES



Always insist on the  
 trademark on lenses  
and frames

# BUSINESS OUTLOOK

BUSINESS WEEK

APR. 13, 1957



Business prospects have taken on at least a slight tinge of spring these last few days, but there's little boisterous cheering (p. 39).

Retailers, generally speaking, are soberly confident. Detroit is happier—or at least is trying to sound happier—about recent sales results. Even Wall Street is in a bit cheerier mood.

Plus signs are bound to mark department store figures from now through Easter. The trick of the calendar would assure that even if volume should, in the final analysis, wind up below expectations.

Each of April's first three weeks will be compared with an after-Easter week a year ago. This will be recompense for those unhappy comparisons we had to put up with all through March.

Weather no longer is just a handy alibi as Easter nears.

A New York specialty shop operator was asked about sales as he gazed out windswept windows on Monday. "Terrific, terrific," he answered with a wry smile. "But I think they'll improve."

Even as he spoke, though, bright spots were visible. San Francisco, for example, posted plus 10% for department stores last week.

Businessmen generally—manufacturers as well as store operators—should draw confidence from steadily rising personal income.

This will be even more important as consumer prices level out.

But there is one not-too-satisfactory trend: **Factory hands are not keeping up** with the improved position of other workers.

Over-all employment in March set a new high for the month just under 63.9-million.

However, factory employment didn't rise; it has been drifting downward ever so slightly at a time when it should be climbing slowly.

Workers in manufacturing have more to complain about, earnings-wise, even than the employment figures would show.

The average work-week now is the shortest at any time since late in 1954. The result (despite the steady rise in straight-time rates) was a drop in the weekly earning rate to \$82 for March.

True, that's \$3.20 a week ahead of a year ago (when overtime was more general), but the typical worker earned \$2 less than in December.

Factory employment remains higher than in the early months of 1956 by a slight margin, but is down from the last-half rate.

Layoffs, combined with the shorter work-week, doubtless are curbing one of the largest, best paid, and freest spending population groups.

Equally surely, it dulls the old buy-now, pay-later impulse.

Consumers continue to borrow more under installment contracts than ever before. But the rate of increase has none of the recklessness that

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK  
APR. 13, 1957

marked 1955—partly just because of the way those 1955 contracts saddled consumers with monthly payments far into the future.

New installment debt contracted during 1955 added up to \$39.1-billion, \$8-billion higher than in 1954. (Consumers repaid \$33.7-billion in 1955, so the net rise in debt was \$5.4-billion.)

During 1956, new installment loans were \$39.6-billion, only half a billion over 1955. Repayments soared to \$37.1-billion, cutting to \$2½-billion the year's net addition to the time-payment load.

**Installment borrowings so far this year once again are running at record levels.** The total for January and February topped last year by about \$230-million. But **repayments are running even further ahead** of last year, the two months' gain exceeding \$400-million.

Repayments exceeded new loans, as is not infrequently the case early in the year, during both January and February.

—•—

**Too many new automobiles sold with too little down and too long to pay** contributed largely to the 1955 runup in installment credit and, to no small extent, the **sluggishness of auto business** ever since.

These days you're beginning to hear about what will happen "when consumers complete their payments" on those old contracts.

But this reasoning has one weakness: Too many people talk about 30-payment paper issued in 1955. Actually, the big trouble isn't with the 30-month paper so much as with the 36-month and over. These longer contracts still have a good while to run before being paid off.

Auto people and the installment lenders actually concocted a two-ply headache for themselves the way they wrote business in 1955.

**The long payoff period**, as everyone knows, **took the car buyer out of the market** much longer than anyone had intended.

But low down payments and long payoffs also made his monthly debt extraordinarily small. **When he reappears as a buyer, he'll be bowled over by the size of the monthly payment** resulting from (1) the higher price of the new car, and (2) the stiffer installment terms.

—•—

Some of the old unsettlement crept back into **copper markets** this week. Mainly this was due to weakness in London where settlement of the mine strike in Rhodesia turned quotations downward at midweek.

—•—

If you were hunting for gray markets in **steel**, you could find **undercharging as well as overcharging** at the moment.

The premiums are the familiar ones—an occasional bit of tonnage in plates, pipe, structurals. But **you may be able to locate discounts on cold-rolled sheet and other light products.**

Iron Age reports some auto inventory sold below cost. In addition, a few sharp operators are regurgitating parcels of sheet put away some time back in expectation of a spring squeeze.





## TOP PACKAGING TEAM CREATES "PICK-ME-UP" SALES APPEAL FOR ROSEBUSHES

*Breedlove Nurseries and Western Waxide  
Division of Crown Zellerbach  
spark instant customer attention with  
gleaming new Alcoa Wrap packaging*

Breedlove Nurseries wanted a wrap to sell rosebushes on sight. Alcoa® Wrap aluminum foil brilliantly outshines other wraps . . . is a shimmering eye-catcher for impulse buying.


It's more efficient, too. *Makes a compact, easy-to-store package that insulates from heat, keeps a more even temperature to retard sprouting. And Alcoa Wrap seals in moisture, so roots stay fresh and alive, indefinitely.*

Whether your packaging problem is getting a powerful punch for quick volume sales, or guaranteeing and protecting freshness . . . your converter can probably solve it with new Alcoa Wrap aluminum foil. Ask him.

*You're always ahead with Alcoa  
. . . greatest name in aluminum*



**THE ALCOA HOUR**  
TELEVISION'S FINEST LIVE DRAMA



the secret  
that spurs  
the spray

fabulous **fluorine**

ISOTRON IS A TRADE-MARK OF PENNSYLVANIA SALT MFG. CO.

A finger's touch and milady has an invisible hair net. It's a common miracle used millions of times daily . . . made possible by an aerosol propellant based on fluorine, the "great improver."

Fluorine's ability to stabilize compounds has created numberless products . . . aerosol paints, insecticides, pharmaceuticals, plastics. Among new products owing stability to fluorine is Pennsalt's ISOTRON propellant,

made in a new plant in Calvert City, Kentucky. ISOTRON is the secret behind milady's spray and many other aerosols. It is also the coolant for many refrigeration and air conditioning systems for industry and the home.

The improvement of products through chemistry is a major Pennsalt interest. If your product can benefit through chemical research write to Department 433 Pennsalt, today.



**Pennsalt  
Chemicals**

Three Penn Center, Philadelphia 2, Pa.

## Business Signs Belie Its Fears

● Despite pressures on the economy since yearend, and business' sluggish mood, the barometer reads "fair."

● The evidence is that business will hold firm at its present high level, with rising trend toward yearend.

● Government and personal spending point up; housing is taking nourishment; foreign clouds are distant.

U. S. business presents a strange contradiction today: The total economy is running close to its all-time peak—but it doesn't feel that way.

On the contrary, the pace of activity seems sluggish to businessmen. Many fear that present sluggishness is the prelude to a more marked decline. Yet the evidence is that these anxieties are excessive, and that business will hold firm at its present high level, and in fact will be rising by the end of the year.

### I. That Sluggish Feeling

The fact is that U. S. business has come under some pretty stiff pressures since 1957 began:

• For the past two years, business had been adding to inventories at an annual rate of about \$4-billion. But in the first quarter of this year, inventory buying has been reined in to little more than a replacement basis—and this has meant nearly a \$4-billion subtraction from the rate of total national spending.

#### Change in Business Inventories (Billions of Dollars, Annual Rate)

1955: 1st Quarter	+1.9
2nd Quarter	+4.9
3rd Quarter	+3.7
4th Quarter	+6.1
1956: 1st Quarter	+4.1
2nd Quarter	+3.5
3rd Quarter	+2.0
4th Quarter	+4.1
1957: 1st Quarter	+0.2*

\* BUSINESS WEEK estimate.

• Manufacturers of durable goods have been feeling—and will continue to feel for a time—the pressure of reined-in inventory spending. Since the first of the year, new orders to manufacturers of durables have dropped below manufacturers' sales:

#### New Orders and Sales, Durable Goods (Billions of Dollars, Seasonally Adjusted)

	New Orders	Sales	Gap
Dec., 1954	12.3	11.6	0.7
Dec., 1955	15.6	13.7	1.9
Dec., 1956	14.5	14.5	0.0
Jan., 1957	14.3	14.7	-0.4
Feb., 1957	13.9	14.7	-0.8

• Capital spending by business, after a mighty surge forward last year, has been leveling off, as measured by the most recent Dept. of Commerce-SEC survey. If the following figures were adjusted for rising prices of capital goods, the flattening of the trend would be even more obvious:

#### Business Spending for New Plant and Equipment (Billions of Dollars)

1954	26.83
1955	28.70
1956	35.08
1957	37.36

• Even in current dollars the trend of capital spending shows only a modest rise above the end-of-1956 rate:

#### Business Spending for New Plant and Equipment (Billions of Dollars, Annual Rate)

1956: 3rd Quarter	35.87
4th Quarter	36.46
1957: 1st Quarter	36.89

• At the same time, housing construction, which hit a peak in 1955 with 1,329,000 starts, has sagged below the 1-million level.

#### New Nonfarm Housing Starts (Seasonally Adjusted Annual Rates)

1956: January	1,195,000
June	1,091,000
December	1,027,000
1957: January	1,010,000
February	910,000

• And neither consumers nor businessmen have been feeling particularly ebullient about the future. This state of mind can't be measured—but it's clearly a blend of many elements: International tension, resulting from Suez and the obvious political and economic weakness of Britain and France; concern over the national budget, heightened by cross-fire within the Administration and on Capitol Hill; public doom-and-gloomism and hair-curling by one-time champions of business confidence; a spiritless stock market.

In this atmosphere, consumers—well supplied with durable goods after their sparkling buying performance in the past two years, and heavily in debt to support that performance have not been eager to add to their debts. Rising prices have not improved their appetites.

Business, bothered by the duller tone of their markets, by rising costs of doing business, by the difficulty of pushing their own prices up, and by the past tightness of money, have been conserving cash. Many companies omitted extra yearend dividends. And many a corporate board, well-fixed for capacity after the recent capital spending spree but concerned about cash, has thought twice about pushing capital outlays higher for the present—though few have cut out or postponed longer-run plans.

• **Obvious**—Besides these more abstruse and complex causes, two tangible depressing factors have been only too obvious to everyone:

• The late, cold spring, whose harbinger this year seems to have been not a robin but a virus bug. This has done no good to sales in many lines, including autos and air conditioners.

• The heavy bite of the tax-collector, which is never exactly a source of cheer—least of all in a time of consumer and business hesitation.

### II. But There's Bounce, Too

So business, oppressed by this variety of ailments, finds itself in a rather joyless boom.

It may even wonder why, in fact, the economy has sagged so little: The Federal Reserve index of production is



down only a point or so, with durables accounting for the whole drop:

**Industrial Production**  
(1947-49=100, Seasonally Adjusted)

	Total	Durables	Non-durables
1956			
Oct. ....	146	163	131
Nov. ....	146	165	129
Dec. ....	147	167	130
1957			
Jan. ....	146	164	130
Feb. ....	146	164	130

• **Roll and Rock**—Of course, these moderate over-all changes do not show sharper difficulties of particular industries. There have been pronounced drops in the output of electrical machinery, lumber and lumber products, and major household goods, more gradual declines in stone, clay and glass products, coal, textiles, apparel, and primary metals—including, of course, steel, which this week is scheduled to run at 91% of capacity.

• But such declines have been partially offset by a rising trend in chemicals and allied products, nonelectrical machinery, instruments, petroleum, paper and paper products, printing and publishing, food and beverage manufacturers—and by a roughly constant trend in transportation equipment, including autos, and some related industries such as rubber.

Though industrial production is, on balance, somewhat down from the end of 1956, the total national output of goods and services—GNP—is a bit up.

**Gross National Product**

(Billions of Dollars, Annual Rates)

1956: 1st Quarter .....	403.4
2nd Quarter .....	408.3
3rd Quarter .....	413.8
4th Quarter .....	423.8
1957: 1st Quarter .....	427.0*

\* BUSINESS WEEK estimate.

Most of the first-quarter gain was undoubtedly due to price increases. Yet—given a \$4-billion decline in the rate of inventory spending and the sag in industrial production and housing—what's remarkable is that GNP held steady or increased at all.

The explanation: As advertised, this is turning out to be the Year of Government Spending (BW—Jan. 5'57, p.25).

In last-quarter 1956 and first-quarter of 1957, rising government outlays have lent heavy support to the economy.

**Government Purchases of Goods and Services**

(Billions of Dollars, Annual Rates)

	State & Local	Total Federal	Local
1956: 1st Quarter ....	78.5	46.4	32.1
2nd Quarter ....	78.7	46.1	32.6
3rd Quarter ....	80.2	47.2	33.0
4th Quarter ....	82.0	48.3	33.7
1957: 1st Quarter ....	83.9	49.5	34.4*

\* BUSINESS WEEK estimate.

• **Speedup**—Federal outlays in the past two quarters have raced ahead of budget estimates. In fact, Washington economists figure that the rate of federal spending on goods and services was already running in first-quarter 1957 at the rate projected by the Treasury for the full year—\$49.5-billion.

And the Treasury spending estimate still looks like a good forecast to the Washington professionals. It cannot be significantly affected by whatever happens to the Administration's new fiscal 1958 budget in Congress, because there's a lag of many months between appropriations and actual expenditures. A cut in new appropriations would not affect spending at all during the first three quarters of the current calendar year, and could affect fourth-quarter 1957 outlays only moderately.

• **State and Local**—Beyond that, state and local expenditures—due in large measure to the big jobs getting under way on roads and schools—will keep on rising through the year. Though federal spending may not produce much extra kick beyond what it's already given to the economy in the first quarter, state and local spending promise to give some additional lift.

**III. Incomes and Spending**

But government spending won't be the only spur to the economy. Rising personal income will also be an important factor. Wage rates of workers in key industries such as autos and steel are slated for contract rises. Many unions—without such contractual step-ups—promise to bargain hard in 1957. Cost-of-living escalation will also push wages higher. Though it's too early to put an over-all figure on the year's wage pattern, it seems unlikely to be less than 6¢ an hour higher, and some guess it will be more like 10¢.

Of course, higher wage rates don't necessarily mean higher total income—for wages are costs to those who pay them, and, if they caused a bad drop in profits, could lead to lower employment, lower income.

• **Jobs**—But that doesn't seem to be in the cards. The economy is again showing its ability to take its rolls without marked unemployment. In March, the Labor Dept. estimates, unemployment totaled only 2,882,000—239,000 less than in February and 134,000 less than one year earlier.

Total employment has gone on growing. In March, 64,049,000 people had jobs—615,000 more than in February, and 971,000 more than in March, 1956. It seems highly probable that both employment and wages will continue to increase during the year.

• **Spending**—Rising personal income should insure an over-all rise in consumption. Personal saving, which was

running at a rate of only 5.3% of after-tax income at the beginning of 1955, had climbed back to 7.6% of income by the fourth quarter of 1956. That level was about postwar "normal."

Thus, if people don't squeeze their dollars any harder than they're doing now—and that seems unlikely—rising income should mean proportionately more spending.

**IV. Question Marks**

Housing remains a trouble spot. Yet there are signs that residential construction may not get any worse, and in fact there's a good chance that by yearend housing may be adding strength to the economy.

That's because it's likely that more funds will be available for mortgages. The money situation has been somewhat easier since the start of the year. There was, in the first two and a half months of this year, a definite easing up in demands for commercial and industrial bank loans.

• **Balancer**—Of course, it's going to take a lot more easing to get FHA and VA-insured building back to anywhere near 1954 and 1955 levels. And even a rapidly improving mortgage situation would not mean a big surge in actual construction for some time—at least six months, say the experts. Thus, it now appears unlikely that housing starts this year will rise above 1-million.

Yet if they firm up at even slightly below that level, with a rising trend as the year proceeds, that will mean that one more industry has taken its lumps without producing widespread agony. Indeed, housing bids fair to perform, with beautiful timing, its unique trick as our leading contracyclical industry—booming when the rest of the economy softens, slumping when the economy booms.

• **Cloud, but No Storm**—But there's one cloud hanging over 1957—and the longer future—that has no built-in silver lining: the international situation. Britain's economic weakness has already forced it to a major military-strategic policy revolution (page 48); yet its economic time of troubles is far from over. France is not more than a jump away from its chronic postwar economic and financial crises.

It's clear, too, that the Russians and their satellites mean to give the West as bad a time as they can manage (short of all-out war) in the coming period.

International tension remains a serious shadow overhanging the U.S. economy. Yet it's impossible at this point to see much likelihood that the shadow will acquire enough substance significantly to alter what promises to be a steady economic trend in the coming months, and a rising one as we enter 1958.



# Salvage Work Starts On Tidelands' Oil Rig

April 3 was a black day at the office of C. G. Glasscock Drilling Co. in Corpus Christi. It was the day "Mr. Gus," the company's \$3.5-million mobile drilling rig—largest in the Tidelands—keeled over in the Gulf of Mexico.

The rig now lies in 39 ft. of water, waiting for the salvage crew to tow it to drydock. So far, the only progress has been in planning. Rough seas have delayed the actual work.

**A**T MIDWEEK, high tides and heavy winds still hampered salvage operations on "Mr. Gus," the largest mobile drilling rig in the Tidelands. The \$3.5-million giant began to list the night of Mar. 31, as workmen prepared to move it to another location; and on Apr. 3, it toppled over.

Mr. Gus, owned by C. G. Glasscock Drilling Co. of Corpus Christi, Tex.,

now lies in 39 ft. of water about 35 miles south of Corpus Christi and about two miles off Padre Island. The rig had just completed drilling a 14,000-ft. dry hole for Sun Oil Co., and was to be moved to another Sun drilling location when, according to some observers, the Gulf bottom on which the rig was resting "just gave away" and caused the rig to list initially at about eight degrees.

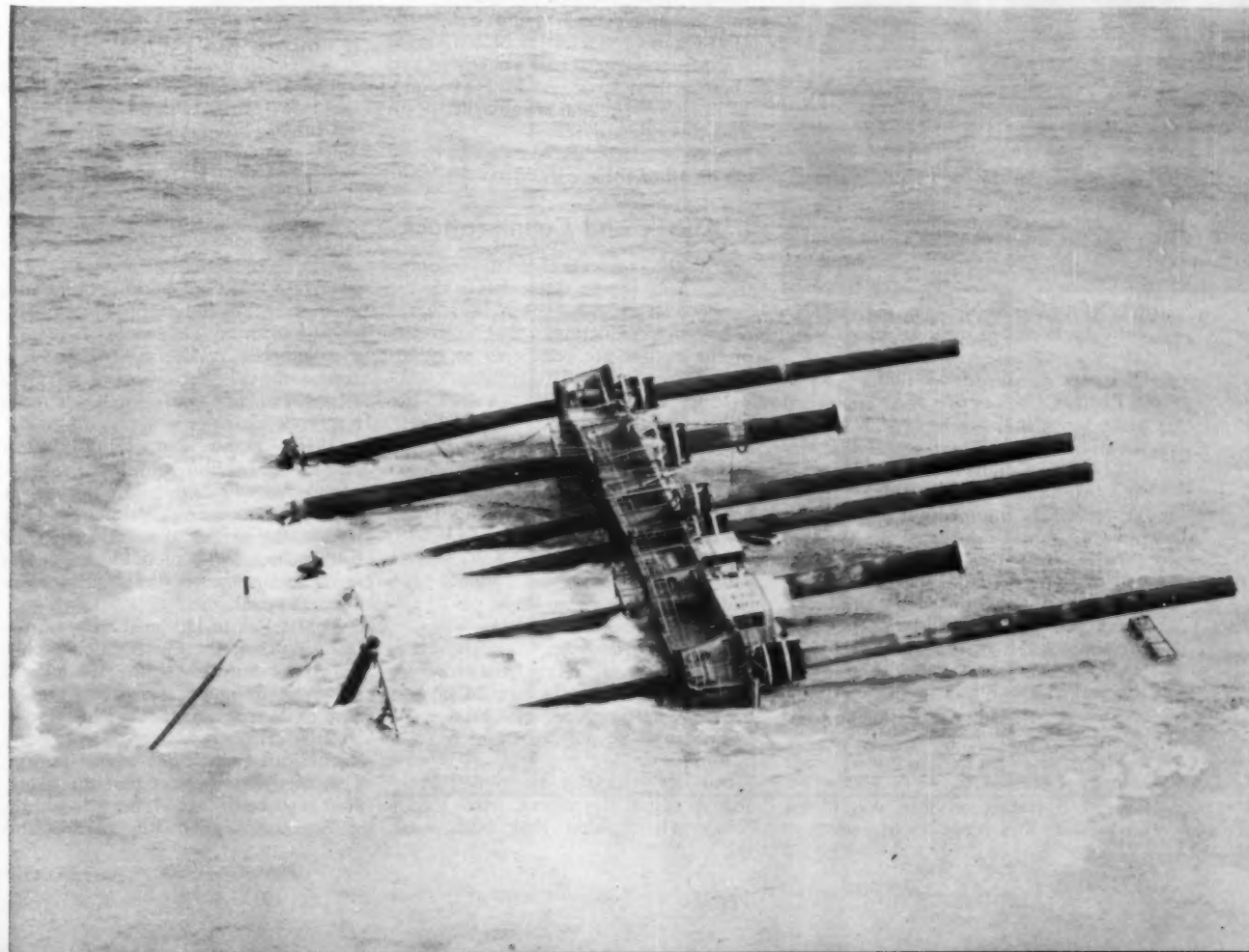


BEFORE misfortune hit, "Mr. Gus" was a fine upstanding oil-drilling rig.

Heavy seas and winds prevented driving of piling that might have saved it.

C. G. Glasscock, Sr., the Mr. Gus after whom the drilling rig was named, says there is over \$3-million insurance on the rig, and that it was fully insured. Lloyd's of London has the major amount of the coverage, and is superintending the salvage operation. Brown & Root, Inc., of Houston and some of

AFTER a bout with such unfriendly forces as a shifting Gulf bottom, high seas and winds, "Mr. Gus" went down for the count.





OWNERS, insurance men, and engineers arrive by 'copter to supervise salvage work.

Glasscock's own men are doing the job. • **Plans**—Glasscock says there are several plans for raising the rig, but he thinks it will be done by "buoyancy." The idea is to cut the piling (legs) between the rig's two hulls, separating them entirely. Water will be pumped out of the lower hull and it will be floated in.

After that, steel pontoons or buoys will be sunk around the upper hull, water pumped from them, and the upper hull raised. It will be floated with the pontoons. Everything will be floated to Bethlehem Steel Co.'s shipyard at Beaumont—where Mr. Gus was built and where Mr. Gus No. 2 is being completed.

Mr. Gus wasn't the storm's only casualty. Kerr-McGee Oil Industries' Rig 40, operating offshore, was blown off location and tilted 25 degrees.

# The Economy Bloc Has

● Exceeding even their own expectations, the House budget cutters have already trimmed more than \$1-billion.

● But the Administration has rallied powerful support for its spending plans—and Senate action is yet to come.

**B**UDGET CUTTERS in the House of Representatives, with only a half-dozen bills processed, are whacking more than \$1-billion out of the Eisenhower budget—more than even the most ardent economy advocates hoped for (table). If maintained through the entire budget process, this pace would mean a slash of some \$4.5-billion from the spending authority asked by the President for the next fiscal year.

The actual outlay of dollars would be reduced less than half this amount—the other savings would come in future years. And, in point of fact, some of the cuts voted so far may not result in any dollar savings at all, if past experience is a guide. They simply represent reduced estimates of what will be required in fiscal 1958 for various programs already in operation. The Administration makes one estimate; the House counters with a lower one. They call the difference a saving—but if the House guess turns out to be too low, it will be necessary to pass a supplemental appropriation later. At least \$100-million of the \$1-billion already sliced falls into this category.

And, of course, the Senate still has to act on all of these cuts.

## I. Attack and Counterattack

Still, the prospects cheer the economy bloc. And there's little letup in the flood of letters from voters back home demanding reductions. But defenders of the budget are beginning to gather their forces for counterattack.

• **Inner Circle**—Publicly, at least, the Cabinet has closed ranks behind Eisenhower in his vigorous defense of the budget. What seemed for a few hours last week like a fresh outbreak of budget-cutting sentiment in the Treasury Dept. was soon glossed over.

Under Secy. W. Randolph Burgess had told Congress he thought the budget could—and should—be cut \$2-billion to \$3-billion.

At almost the same time, the President had been telling newsmen he didn't think the budget could be cut by "any startling amount," and cited \$2-billion as beyond anything he had in mind.

But next day Burgess, pulled back, denied any disagreement with Eisenhower. He insisted that both were

merely pulling figures out of the air for illustration and argued that even these were only 1.5% apart, based on the whole budget.

The Senate is likely to be the toughest roadblock of all. It traditionally restores most of the cuts voted by the House and often increases programs. This week, Labor Secy. James P. Mitchell vigorously defended his original budget estimates before the Senate Appropriations Committee and asked for restoration of the \$35.6-million slashed by the House. Other Cabinet members will do the same.

From now on, the cuts will come harder—not easier. And four of the biggest, most controversial money bills are yet to reach the House floor: defense, with \$38.5-billion of new obligatory authority; public works, \$3.2-billion; agriculture, \$5.2-billion; foreign aid, \$4.4-billion.

## II. Inside the GOP

Within Republican ranks, there are two views of the economy drive.

• **Congress**—Republican leaders in both houses of Congress are telling Eisenhower privately that the mood of the country—judged by their mail—demands reductions, particularly in foreign affairs. "Never has the public been so aroused over spending," a veteran GOP lawmaker told Republican women at a meeting in Washington last week. This week, Sen. Barry Goldwater of Arizona, a Republican conservative, lashed out against the whole concept of "modern Republicanism," with the Eisenhower budget as his chief target.

• **White House**—Eisenhower's White House staff is telling him that the economy wave will blow itself out before appropriations are finally adopted. They believe the weight of sentiment in the country is for the programs called for in the budget, even the projects under heaviest attack.

While White House staffers are optimistic about the final outcome, they do express surprise at the strength of economy sentiment so far, and the extent of the cuts voted by the House.

"It's really a fight for control of the Republican Party," one official puts it. This overlooks the fact that the reductions are being voted by a coalition of economy-minded Republicans and

# Heyday With Eisenhower's Budget

Southern Democratic conservatives, but it does highlight a facet of the budget fight that disturbs GOP policymakers.

## III. Conscientious Congress

The reductions voted so far by the House represent what is probably the most determined effort ever made in Congress to cut departmental budgets, item by item. On showdown day for the combined Labor and Health, Education, and Welfare budgets last week, the House took 14 roll call votes—the greatest number ever recorded in a single day. On these 14 tests, nine reductions previously approved by the House without roll calls were sustained, and five were reversed.

The most remarkable of the reductions are those achieved by the House when it acts as a Committee of the Whole—in effect, second guessing its own Appropriations Committee. All told, the House trimmed an additional \$38-million by this cumbersome method, despite the fact that several sizable cuts were rejected on roll call.

• **Contagion**—House leaders feel that this mood is having an effect on the Appropriations Committee itself. The committee, for example, came in with a 25% reduction in Commerce Dept. funds this week, in percentages the biggest departmental cut yet, and on Tuesday the House approved it.

• **Appearances Deceive**—However, the fact that some of these budget cuts are illusory is clear, from examples among the Labor and HEW reductions. Out of the \$35.6-million Labor cut, \$31.4-million came from grants to state unemployment insurance programs: If unemployment runs at the level foreseen by the Administration in its request, this money will be voted later on.

Out of the HEW reduction of \$94.7-million, \$79.4-million was from grants to states for public assistance programs. These are mandatory federal aid commitments, and any deficit will have to be met by supplemental appropriations.

Supplemental appropriations are what's creating the bitter Congressional attack on Postmaster Gen. Arthur E. Summerfield right now. Summerfield has never had friendly relations with Congress, and when he asked for \$47-million to finish the current fiscal year, Democrats in the House erupted. Chmn. Clarence Cannon of the House Appropriations Committee said Summerfield is running an inefficient operation and would get only \$17-million. He scoffed at Summerfield's threat to cancel Saturday mail deliveries and make other reductions in service. Re-

## Budget Pruners at Work

So far the House of Representatives has whacked Administration requests in six categories . . .

Dept.	Budget Request	House Approved	Cut
Treasury-Past Office	\$3,965,291,000	\$3,884,927,000	\$80,364,000
Interior	515,189,700	454,395,700	60,794,000
General government matters	20,921,870	16,021,370	4,900,500
Independent offices	5,923,195,000	5,385,201,700	538,000,000
Commerce	871,513,000	653,685,060	217,827,940
Labor	384,678,000	356,200,000	28,478,000
Health, Education, & Welfare	2,582,114,581	2,487,384,581	94,730,000
Total			\$1,025,094,440

. . . But it wasn't all that simple — look at the checkered House careers of these sample items . . .

	Administration Request	Appropriation Committee Action	First Cut by House	Final House Action
<b>Labor Dept.</b>				
Bureau of Labor Statistics	\$7,768,000	Cut \$298,000 for miscellaneous non-recurring items	Additional \$346,000 from planned improvement of consumer price index and other studies	Sustained total cut of \$644,000
Operating costs and grants to states for unemployment insurance	\$353,041,000	\$19,241,000 cut from grants	Additional cut of \$12,186,000 in grants; \$442,000 taken from operating costs	All cuts sustained
Protection of veterans' employment rights	\$542,000	No cut	\$136,000	Cut restored
<b>Health, Education, &amp; Welfare Dept.</b>				
Food & Drug Administration	\$9,300,000	No cut	\$1,327,000 from sums for enlarging enforcement staff	Cut restored
Office of Education	\$215,851,581	Increased by \$1,300,000	\$1,482,000 from research to aid mentally retarded children	Cut restored and committee increase approved
Public Health Service	\$556,730,000	Cut \$13,964,000, from several programs	Additional \$50,000,000 cut from sewage	Restored sewage disposal grants, retained \$13,964,000



publicans rallied to Summerfield's defense, though, and few lasting cutbacks in postal service appear likely.

#### IV. Lobbying From Within

The economies already accomplished—and the threat of more to come—have spurred the Administration to mobilize a massive resistance. A classic example of this reaction is what happened to a \$50-million grant to cities for sewage disposal programs.

The money was requested in the budget, but thrifty congressmen trimmed it out, first in a GOP caucus and then by voice vote on the House floor (table). Two days later, 35 members switched their votes in a roll call, and the funds were restored. In the meantime, here's what had gone on:

- A clerk in the Public Health Service began calling certain members of the House, saying that a list of sewage projects had been approved, and that one or more projects were in the representative's district. This was news to many who had just voted "no" on the project.

- The Izaak Walton League, potent pro-conservation organization, was holding a convention in Washington. When the sewage grants were knocked out, the league's president, the Rev. Preston Bradley of Chicago, suggested members adjourn and storm Congress with protests. He made the issue a rallying point against river pollution, and the league wound up with a strong endorsement of the program.

Another case of Administration pressure is the short-lived cut in Food & Drug Administration funds (table). The slash would have blocked a planned expansion of the agency's enforcement staff. Overnight, the sponsors of the budget request dropped their fight and predicted that the House would put the money back. It did, too—even though the sponsors deny White House intervention.

- **Public Relations**—Pressure of this kind is an old story in Washington. A potent lobby on behalf of spending springs up almost automatically with publication of each year's budget. This year, though, the anti-spending lobby—letter writers who flooded Congress with complaints—got going first.

The heavy-spending departments do most of their budget promoting on a continuous, year-around basis. Here are some of their activities:

**Defense**—Biggest operation is the joint civilian orientation conference, conducted twice a year. At least 70 important businessmen, educators, publishers, clergymen, and the like are invited to spend a week touring East Coast military installations.

A similar program is being held this week for a group of 80 prominent edu-

cators, and last month the Navy flew a group of newspapermen to Newfoundland to observe anti-submarine and radar aircraft warning operations at sea. The Air Force is considering a press junket to the ballistic missile tester center in Florida.

Another source of influence is the defense contractors. More than 100 contractors—all members of the National Security Industrial Assn.—inspected the Key West Naval Base last February. NSIA is organizing similar groups to visit East Coast naval bases.

Many of these activities, of course, are not direct lobbying at all, in the ordinary sense of buttonholing Congressmen for votes, but come under the category of "information" or "education." However, they're a potent force when it comes to defending the military budget.

**Public housing**—Big city mayors form an almost automatic lobby—and an extremely powerful one—for slum clearance, as the Administration is finding out this week. A group of seven mayors called on Eisenhower to protest plans to reduce slum clearance funds. The reduction was originally proposed by Albert Cole, Eisenhower's housing administrator; Eisenhower and Cole told the mayors the question would be looked at again.

**Schools**—Eisenhower is being his own best lobbyist for the \$451-million he wants obligated for school construction grants next year—an indication that the program is in trouble. GOP leaders in the House have stood by him on the main issues thus far, but some are likely to desert when it comes to schools. Eisenhower made one of his rare nighttime appearances at a public function last week to speak to members of the National Education Assn. on behalf of the school project. This group, joined by parents' organizations, can usually steam up an effective drive for congressmen's votes. But the economy bloc and the integration issue combined may prove too strong.

**Foreign affairs**—State once had one of the best of the department-sponsored lobbies; it pioneered most of the devices now being used by other agencies. But under Secy. John Foster Dulles, the department has pulled back on its programs. Now it has one of the most low-pressure lobbies of all.

On behalf of foreign aid, there's only a greatly throttled-down public relations program for the Administration to rely on. Up to 1952, foreign aid was defended elaborately through briefings in Washington for grass-roots opinion leaders. Congress put a stop to that. Eisenhower points out that foreign aid, unlike other spending programs, has practically no organized defense out in the country. He's going to try to fill the role himself.

## Rivalry on



FOCUS of Army-Air Force feud is court-martial of Col. John C. Nickerson, Jr.

IN RECENT YEARS, the corridors of Congress and the Pentagon have been resounding with a nasty, noisy brawl between the Army and Air Force. At stake is control of the intermediate-range ballistic missile—a revolutionary push-button weapon, still under development, that will hurl a thermonuclear warhead 1,500 mi. in about 10 minutes with fantastic precision.

Now the dispute is about to move into a new arena: an Army court-martial room at Redstone Arsenal in Huntsville, Ala., where Col. John C. Nickerson, Jr., a high-level Army missile expert, will stand trial May 15 on charges of violating security regulations and of committing perjury.

According to the formal charges, Nickerson:

- Wrote a lengthy paper entitled *Considerations on the Wilson Memorandum*, which was loaded with secret details and attached to official secret documents.

- Sent these to unauthorized parties (two newsmen and representatives of two Army IRBM contractors, Reynolds Metals Co. and Radio Corp. of America).

- Denied under oath that he had knowingly leaked classified material.

Nickerson's paper is a sizzling critique of Defense Secy. Charles E. Wilson's recent order restricting the Army to missiles with a range under 200 mi. and giving the Air Force exclusive control over the land-based 1,500-mi. IRBM (BW—Dec. 1'56, p39). Those who have seen it say the paper bristles with charges of favoritism toward two Air Force Thor IRBM con-



# Missiles Erupts in Court-Martial

Proceedings against Col. John C. Nickerson, Jr., Army missile expert, are an explosive new phase in the old feud between Army and Air Force over control of a revolutionary weapon.

tractors (General Motors' AC Spark Plug Div., which is developing an inertial guidance system, and Douglas Aircraft Co., the airframe contractor), and with talk of a deliberate effort to wreck what Nickerson calls "legitimate Army interests."

The Nickerson court-martial is not likely to change things one way or another. But the dramatic appeal of the Colonel's efforts to fight the powers-that-be—reminiscent of the famed Billy Mitchell case in 1925 and the more recent "revolt of the Admirals" against the B-36 bomber—is making the headlines.

- **Lessons**—The trial's direct implications, however, are significant, for it underscores the facts that:

- Civilian control of the military establishment is being expressed more vigorously these days than ever before. Wilson personally settled the stormy issue of IRBM operational control—something the uniformed Joint Chiefs of Staff would not or could not do. In the process, he has seriously limited the Army's role in any future nuclear-missile war.

- Many military careerists are paying only lip service to the concept of military unification. Nickerson's professional future, for instance, has been wrapped up in an Army project that Wilson wiped out overnight. The Colonel's reaction shows how bitter the infighting between the services can be.

- **Swap Uniforms?**—Some people believe the squabbling could be minimized by allowing regular officers to transfer from one service to another—that is, put a man like Nickerson, a 42-year-old West Pointer with a Cal Tech master's degree in aeronautics, in an Air Force uniform after something like the IRBM decision is made.

Right now, interservice transfers are possible only for reserve officers. And these are hard to come by. There is legislation pending in Congress that would allow regular officers to transfer to other services fairly easily. But prospects for its passage are dim.

- **Tactful Silence**—Up to now, outward demonstrations of sympathy for Nickerson by Army men have been restrained. It would probably be impolitic for them to say much, since Nickerson is being court-martialed for charges of violating security regulations and committing perjury, not for objecting to Wilson's IRBM decision.

Yet Nickerson is becoming a symbol of the Army's dissatisfaction with the Defense Dept.'s missile policy. Indeed, there are reports that a collection is being taken up among Nickerson's West Point classmates and civilian contractors on the Army's Jupiter IRBM project to pay his legal expenses. Two Army lawyers have been assigned to defend Nickerson. But he has also hired two civilian counsels, Robert K. Bell, former law partner of Alabama's Sen. John J. Sparkman, and Ray Jenkins, the Knoxville, Tenn., lawyer famed for his role in the Army-McCarthy hearings.

## I. Pros and Cons

The Army has fought a restriction on missiles based on range; its argument is that the expected depth behind enemy lines in which Army targets would be located cannot be realistically forecast. It contends that long-range ballistic missiles are technological extensions of conventional artillery and that its experience in missile development is superior to the Air Force's.

In addition, the Army claims that "by virtue of its inherent engineering and communications facilities . . . [it] has a capability for employing mobile or portable ground launching equipment (essential for land-based IRBM) which the Air Force lacks."

Fundamentally, Army Secy. Wilber M. Brucker is a loud advocate of the Army's position on the IRBM. But he is also an ardent "team man" at the Pentagon. Brucker was furious when Nickerson failed to go "through channels" with his gripe and went over Brucker's head to Alabama's Congressional delegation (not mentioned in the formal court-martial charges).

- **Progress Anyway**—Behind the fuss over the Nickerson court-martial, the IRBM program is shaping up according to schedule. A second test firing of a prototype Thor missile (and the first test launching of the Air Force's bigger Atlas Intercontinental Ballistic Missile) will occur within the next few weeks at Cape Canaveral, Fla. An earlier Thor—and two Jupiter—test firings flopped.

Large-scale IRBM production is not expected to get under way for at least two more years. There are still plenty of bugs to be shaken out of the designs. Actually, no formal decision has been made yet on whether the Air Force's

Thor or the Army's competing Jupiter will be the operational weapon.

It was generally assumed, however, when Wilson gave the Air Force operational control over IRBM last November that Thor would be the 1,500-mi. missile tapped for production. As one official put it: "There's a tendency to prefer your own child to one that someone else wants you to adopt."

- **Scuttled?**—In recent weeks, there have been both reports and denials from official Pentagon sources that the Army's Jupiter project, on which \$175-million has been spent during the last two years, has been finally canceled. Wilson has stressed publicly that even if Thor gets the nod, work on Jupiter will continue (for how long, he won't say), for some of its sub-systems and components may be put into Thor.

But though a formal decision has yet to be announced, the fact is that Jupiter is being scrapped. Defense funds are earmarked to finance the project only until July 1.

## II. Matter of Manpower

The overriding factor is that the Army and Air Force have shaped development of the two different IRBM's around their respective requirements and resources. The Air Force, for example, is accustomed to maintain highly complex equipment; it stresses automatic systems, uses more manpower to maintain rather than to operate equipment. Minimum hitch in the Air Force is four years, compared to the Army's six months or two years; so there's more time to train technicians.

The Army, on the other hand, prefers a weapon system that's easier to maintain in the field, even though it may need more muscle power to push around. It has more manpower than the all-volunteer Air Force, since it taps the growing pool of draft-eligible youngsters, and less time to train them.

Designs for Thor and Jupiter reflect these differences in approach.

- **The Payoff**—From industry's view, the stakes are high on IRBM. A multi-billion-dollar production plum is in the offing. North American Aviation, Inc., has been in the best spot; it has developed a liquid propellant rocket with a rated thrust of 135,000 lb. to power both Thor and Jupiter.

For the others on the Jupiter contractor team—covering 300 research, development, and production deals—the lid is now on for new IRBM business. These include Chrysler Corp., for the airframe; Sperry Rand Corp.'s Ford Instrument Div., guidance system; Reynolds Metals, and RCA.

# Here's What the New Pre-Merger Notification Bill

## What is covered:

### These transactions

Acquisition by one corporation of stock or assets of another amounting to —

1 10% of the voting stock, if its value is more than \$2-million, or

2 More than \$2-million worth of assets at fair market value.

### Except for these key exemptions

1 Acquisitions which already require approval by a federal agency.

2 Acquisitions of stock of subsidiaries already owned 50% or more.

3 Stock-in-trade transactions and acquisitions of coal, oil, or timber reserves.

## Who is covered:

Any two or more non-banking corporations in interstate commerce that are involved in a covered transaction if their combined assets exceed \$10-million.

This means, of course, that any corporation with \$10-million of assets is covered on any acquisition it contemplates.

## Giving Antitrusters the Jump

The bill to require advance notice is almost sure to pass Congress. It will give FTC and the Justice Dept. time to seek preliminary injunctions against antitrust violations, rather than having to untangle the effects of mergers already completed.

Business spokesmen oppose the general idea, but the Administration is for the bill, after softening some of its terms.

THE PROVISIONS tabulated above are now almost certain to become law. If so, they will have broad effects on mergers and acquisitions of stock or physical property. It's the most important piece of merger legislation since 1950, when Congress amended the Clayton Act to bring acquisition of physical assets, as well as stock, under the antitrust provisions.

The bill, introduced by Rep. Emanuel Celler (D-N.Y.), provides that the parties to a substantial merger or acquisition must notify the Federal Trade Commission and the Attorney General of their intentions at least 60 days before the deal can be closed.

This gives FTC and the Justice Dept. a chance to forestall such mergers or acquisitions, rather than having to bring suit after the fact.

The delay can also raise problems of doing business. For that reason, business spokesmen such as the National Assn. of Manufacturers and the U.S. Chamber of Commerce have been opposing the bill. They appear to have lost out.

• **Speeding Toward Passage**—After weeks of hearings, a House Judiciary subcommittee last week approved the Celler bill and sent it to the full Judiciary Committee, where quick action is expected. The Administration is backing the measure—even the Commerce Dept., which last year objected that its effect was too sweeping.

Since then, a series of exemptions has been written in as the result of various business objections.

### I. New Criterion

Existing antitrust law forbids mergers and acquisitions that tend substantially to lessen competition or to create a monopoly. This basis for judgment remains, but the new bill also says:

"No corporation shall acquire the stock or assets of one or more corporations engaged in interstate commerce where the combined book value of acquiring and acquired corporations is in excess of \$10-million, until 60 days after delivery to the appropriate commission or board and to the Attorney General of notice of proposed acquisition."

A fine is prescribed for willful failure to file such notice, and the bill gets more teeth in the provision that FTC can seek a preliminary injunction "if it should be to the interest of the public."

Under the Clayton Act, the Attorney General already has the right to seek a preliminary injunction—if he happens to hear about a merger before it takes place. But FTC has been unable to convince the courts of its right to block proposed mergers—and the commission has found in many cases that it cannot, in practice, undo a merger that has already been put into effect.

This may have been one reason the

government let Schenley Industries keep the Park & Tilford distillery—but proscribed future mergers of this kind by Schenley for ten years.

• **Real Effect**—Proponents of the bill say that FTC needs this authority and that a clear affirmation by Congress would strengthen Justice Dept.'s chance of getting preliminary injunctions from the courts. Business lawyers say that the courts have been reluctant to block mergers where the facts of antitrust violation are the least bit murky.

Last year, Justice Dept. asked a New York federal court to bar the merger of Continental Can Co. and Hazel-Atlas Glass Co. The suit failed, and the merger went through. Now, Justice is still pressing a similar action against merger of Bethlehem Steel Corp. and Youngstown Sheet & Tube Co.

Those who favor notification say it wouldn't change existing law but would merely make enforcement more effective. However, NAM and Chamber of Commerce witnesses at the hearings contended that the bill takes an antagonistic attitude toward all mergers and acquisitions and substitutes a dollar standard—the \$10-million level—for the present criterion of whether or not a merger substantially reduces competition.

• **Need for Notice**—The bill's advocates deny that the standard of judgment would be changed. Notification, they insist, is merely "procedural" and has nothing to do with whether or not a merger is adjudged a violation of the antitrust act.

As it is, the Justice Dept. and FTC must depend primarily on financial papers and trade magazines to find out about merger plans. FTC says a company asked in advance for clearance in only one of 18 anti-merger cases the agency has filed since 1950; in 15,

## Would Do:

### What is required:

- 1 Notify Federal Trade Commission and Attorney General of any covered transactions — reporting the sales, assets, and trading areas of corporations involved.
- 2 Furnish any other information if it is requested within 25 days of filing.
- 3 Wait 60 days before consummating the transaction.

### What the Federal Trade Commission can do:

It must keep information confidential, except that . . .

If it believes the transaction will lessen competition, FTC can go to court for a temporary injunction against it.

In case of willful failure to notify, government can bring suit seeking a fine of \$5,000 to \$50,000.

of the "relevant information" that must be given on request by FTC or Justice Dept.

At the last minute, the House subcommittee bolstered the safeguard against the leakage—from Washington—of any confidential data concerning a merger. It added a provision specifically making it a criminal offense for a government employee, without express approval by the head of his agency, to disclose information obtained through the required filing. This was written into the bill even though Brownell and FTC officials pointed out that laws already cover such offenses.

### III. Exempt Transactions

To satisfy as many objections as possible before the bill goes to the floor in Congress, the Administration and Rep. Celler's subcommittee approved several exemptions from coverage by the act.

Celler and his group, for example, agreed to drop clauses affecting banks that conflicted with the omnibus banking bill passed by the Senate. They also added specific exemptions in addition to the general exceptions listed in the table.

- **Exceptions to Rule**—For example, acquisition of stock or assets in a company with 75% or more of its assets in undeveloped or partially developed mineral, mining, or timberland properties is excluded from the provisions of the act. This exemption is to meet objections of coal, timber, and oil companies that such holdings are part of their stock in trade.

The final version of the bill also exempts transactions that involve dis-solutions that are supervised by the courts or by the government; that involve foreign companies, unless they do business in the U.S.; that involve educational, religious, or charitable corporations. Also exempt are borrowings and other financing operations where title to stock or assets is required as collateral.

Within 120 days after passage of the act, government agencies are also required to set forth procedures for other waivers of the waiting period, presumably to open the way for other exemptions that may appear to be necessary.

- **Still Opposed**—Despite the softening of the bill from last year's version and the number of exemptions, businessmen generally continue to oppose the bill's passage.

"Naturally, we can live with this measure," says a company lawyer, "but as businessmen we would much rather not have it. It sort of formalizes the uncertainties in any merger. If we have to go to court, we'd prefer to go with a merger—not a proposed merger."

# on Proposed Mergers

FTC's first knowledge came from reading the papers. Of the 165 mergers that the Justice Dept. has listed for detailed study since 1953, 47 had already been consummated, says Atty. Gen. Herbert Brownell, before his staff knew of them.

Officials insist the \$10-million cutoff point for requiring notification is fair. It will cover more than half the mergers and acquisitions, says FTC, while it avoids unnecessary burden on government staffs and on the businessmen involved in mergers least likely to cause competitive ill effects.

However, some businessmen foresee that the requirement will operate chiefly against the large number of middle-sized companies which are trying to compete with the giants—against mergers that, as one man put it, "should be encouraged, not discouraged." The big, important mergers are already known ahead of time, they say, and smaller ones will be impeded.

## II. The Waiting Period

Few businessmen speak favorably of the Celler bill, and most of them point to the 60-day waiting period as the most objectionable feature. This clause, NAM spokesmen said at the hearings, "imposes a real and unnecessary hardship on business enterprises, which must make decisions and take action when conditions are most favorable for all parties to the transaction."

A lot can happen in 60 days, business witnesses said, to affect the economic advantages of a merger that has been conditionally approved. Moreover, there is always danger of an information leak. Up to the moment of final, formal agreement, merger negotiations are always delicate and uncertain. Premature rumors can upset employees, customers,

stockholders, and can open the door to third parties.

- **Stock Ownership**—Besides, the bill covers more than the conventional meaning of merger transactions. It also includes deals that involve a company's purchase of more than 10% of another company's stock. Critics say this brings in a type of transaction that has little or nothing to do with antitrust violations.

In such cases, the requirement of a 60-day waiting period may alone be enough to kill the deal. The prospective seller of the stock interest may often be unwilling to wait 60 days for his money. This may have the incidental effect of tending to entrench present management by discouraging the quiet buying-up of a company's stock by outsiders.

- **Normal Span**—Proponents of the bill argue that the 60-day waiting period (cut from 90 days in last year's version of the bill) is no longer than the time normally needed to negotiate a merger. In fact, they say, the original 90 days was closer to actual experience.

The bill doesn't make it absolutely clear when FTC and Justice Dept. must be notified, but most interpreters agree that companies could file the notice at the point where serious negotiating starts—and then use the 60-day waiting period to arrange the details. In practice, Justice and FTC don't expect to be notified until some sort of formal agreement has been reached between the parties.

- **Confidential**—The notice must include names, addresses, nature of the businesses, the products or services sold, and the trading areas of both the acquiring and the acquired corporations. There's no requirement for reporting purchase price or details of the merger, although this may be construed as part



# British Scrap Standard Arms

● They'll build no more combat planes—just jet transports and guided missiles. Ground forces will be cut.

● The British say they can't afford defense both for conventional war and for nuclear and missile war.

● In Washington, there's a split. The question: Should the U. S. (1) also prune its defense spending or (2) step it up to offset Britain's retrenchment.

Last week, the British officially announced details of what the free world had been expecting for months: a drastic overhaul of their military program, aimed at halting the strain of military expenditures on their hard-pressed economy.

The British are scrapping conventional fighting forces and placing almost total reliance on nuclear weapons to deter war.

• **Heavy Slash**—Over the next year, Britain will slash military spending by 20%, withdraw 13,000 of its 77,000 men in West Germany, and start reducing naval and air forces and overseas garrisons. By 1962, plans call for still larger withdrawals from NATO's force in West Germany, an end to Britain's military draft, an over-all reduction of British armed forces from 690,000 to 375,000 men, and severe cutbacks in production of aircraft and other conventional equipment.

## I. Outdoing the U. S.

The British are adopting—with a vengeance—the trend in U. S. strategic planning of the past four years, under which U. S. armed strength has become concentrated in strategic bombers, missiles, nuclear explosives, and other new arms while the role of ground troops and conventional weapons has diminished.

Pushed by economic need, the British are trying to step even more swiftly and boldly into the nuclear-missile age. The U. S. still maintains sizable forces to fight non-nuclear wars, still spends heavily to improve manned bombers and fighters while developing a new generation of pilotless missiles.

The British now say they cannot afford this extra factor of safety—the overlapping generations of arms. They're gambling all their chips on pushbutton nuclear weapons of the future.

• **No More Planes**—The new British program is drastic:

• The Royal Air Force Fighter Command, enshrined in the hearts of Britons as the few to whom so many owed so much, will go out of existence.

• All the work on new bombers is to be stopped, even though their newest medium bombers fall short of the performance of our own new Convair B-58.

• **Fighter planes** will suffer a like fate. English Electric's P.1B supersonic fighter, which has just made its first flight, is to be the last of Britain's manned fighters. Its role will be restricted to defense of missile and bomber bases. Britain has given up any idea that the entire island can be protected from nuclear attack. Instead, it hopes to deter Russian aggression by protecting the bases from which British missiles and bombers would rise.

• **New Defense Pattern**—This is what Britain's new military forces will look like under the program laid down by Defense Minister Duncan Sandys:

• Scattered over the U. K., ballistic missiles with nuclear warheads will be pointed toward the Soviet Union. Their bases will be protected by anti-aircraft missiles linked to one of the world's most effective radar networks.

• Carrier task forces will cruise at sea, equipped to fire missiles or to provide aircraft support of amphibious or paratroop landings.

• A strong central striking force will be stationed in the British Isles, ready for a quick airlift, by turboprop and jet transports, to trouble spots anywhere in the world.

• **Two Reactions**—Britain's revolution in defense planning has sparked arguments here in two opposite directions:

The U. S. should be as "realistic" as the British and start pruning its own defense program. A much smaller conventional force, the argument goes, could handle "brushfire" wars, and costly development projects with duplicate strategic objectives are unjustified.

The U. S. should spend more for arms and manpower to take up the slack created by the British cutbacks. This would postpone planned reductions in U. S. ground and tactical air forces.

Administration officials generally say Britain's action will have little if any immediate impact on U. S. policy. Dur-

ing the recent Bermuda Conference between Pres. Eisenhower and British Prime Minister Macmillan, the British had outlined exactly what they planned. So last week's announcement came as no surprise.

But many Washington officials are displeased with the way Britain spelled out its intentions, and they are worried that other allies will want to follow suit. If they do, U. S. defense policy sooner or later will have to be adjusted.

• **Missile Pool**—The British held back on their new plans until the U. S. was able to reaffirm at Bermuda the agreement made two months ago during the Wilson-Sandys talks in Washington—that the U. S. will supply Britain with guided missiles.

There are still no firm decisions on the types of missiles to be sent, the quantities and cost, delivery dates, and the like. One big reason is this: The missile the British want most—the intermediate-range ballistic missile (page 44)—is still being developed.

General belief is that the British will immediately get large quantities of Douglas' 15-mi. Honest John and Firestone's 90-mi. tactical missiles—the ground-to-ground "artillery." These have been in U. S. production for several years. Other U. S. missiles likely to be shipped shortly are Western Electric's Nike air defense missile and—as they get into heavier production—the Martin Lacrosse tactical missile and Curtiss-Wright Corp.'s Dart anti-tank rocket.

## II. What It Means There

There's no question that the new program is a shattering blow to Britain's aircraft industry; for firms successful in the guided missile field, there will be contracts. But others will have to close their doors or return to civilian work. Actually, this is one purpose of the new policy—to release skilled men for employment in an expanded civilian industry.

Another worry is that the cutback of supersonic bombers will affect Britain's chances of competing in the civil aircraft field—particularly in developing a supersonic airliner.

However, British officials aren't in a mood to be sympathetic toward the industry. At Suez, British forces were shown to be inferior to the French, both in training and equipment. And British industry has been lagging badly in both military aircraft and guided missiles. Macmillan estimated on his return from Bermuda that Britain was four to five years behind the U. S. in the field of guided weapons.



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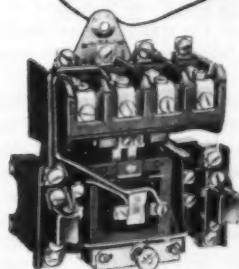
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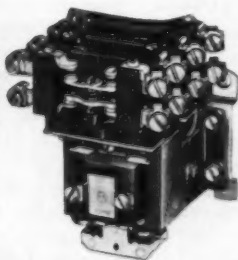
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# Are B-Schools on Right Track?

- Two projects working in tandem will attempt to reassess the significance of business schools to industry.
- Ford Foundation will survey management to find out what schooling is needed for a business career.
- Carnegie Corp. will evaluate the schools and—working with Ford—set up standards for them.

Sweeping changes in the operation of the nation's business schools—and in the standards on which they operate—may be in the making. A pair of studies of business education are under way, with foundation support.

The studies will ask:

What kind of students attend the nation's business schools? What kind of education do they get? Are the schools doing a good job in training for management careers? Does management know what it wants when it hires business school graduates?

• **Separate Studies**—One of the projects, conducted by Ford Foundation, is primarily designed for use of the foundation's own economic development and administration program, which has been providing funds to business schools. The other is subsidized by Carnegie Corp. as part of its over-all study of higher education.

These two big projects were conceived independently. This fact itself is an indication how widespread is concern over the present and future role of business schools. Today, one out of every eight undergraduates is majoring in business—by far the largest single group in any academic category. There has also been a big increase in graduate school training. In addition, many liberal arts colleges are providing business courses while trying to avoid being classified as business schools.

## I. Haphazard Expansion

This growth in business education has proceeded without any real attempt to assess its value or significance. As a result, there's a wide variance in the schools—in admission standards, courses, teaching methods. Yet business schools continue to expand, attracting increasing numbers of students and greater financial support from business.

The business schools themselves are concerned about their standing, and a number of institutions, including Pennsylvania's Wharton School and Columbia, have recently begun evaluation programs. But the two foundation projects are the first to undertake a broad examination of the field.

Inevitably, there will be some duplication, but each group has agreed to take a distinctly different approach. Together, they will provide a full-scale appraisal of business education that is sure to produce reassessments of the training offered by institutions and the hiring practices of business.

• **From Business View**—Ford Foundation's project, headed by Robert Aaron Gordon, professor of economics at the University of California at Berkeley, is emphasizing the management side of the problem. It plans to determine the necessary ingredients for pre-career training as well as how big a market the schools are serving.

As part of its project, Gordon is conducting a survey of businesses, both big and small, to find out just what makes management tick and what part education plays in the process. The information he gathers will provide a guide to better training programs.

• **Management Development**—The Ford study will also make a detailed examination of management development programs. It reports that many companies running such programs are not sure about their usefulness. But the very existence of such programs suggests that something is wrong with the pre-career training now being offered in business schools.

This is the problem that will be tackled by the Carnegie project. It is headed by Frank Pearson, an economist and professor at Swarthmore College. His emphasis will be on the business schools themselves. After evaluating their work, Pearson plans to set up standards to help their future development.

## II. Two Approaches

Thus Pearson and Gordon share the same aim. But Pearson will devote most of his attention to surveying each of the nation's business schools. In addition, he plans personal examinations of more than 100 institutions that represent a cross-section of the entire group.

Gordon also plans to survey business institutions, while Pearson will work

with management. But Gordon will provide material on management to Pearson, and Pearson will fill Gordon in on his school material. Both studies are due to be completed in late 1958.

One byproduct of Pearson's work is that his survey will provide the first comprehensive data on the kind of training now being offered. This in itself will be of invaluable help to prospective students and to management recruitment programs.

Pearson's main objective is to stake out the broad areas of operation for business schools. He is anxious to scotch reports that his study will be as critical of business schools as Abraham Flexner's monumental work for the Rockefeller Foundation was of medical schools. As Pearson sees it, business education is too diverse a field to judge that way.

At the same time, he states that "I would be failing in my function if I do not come out with definite conclusions" as to the importance and place of business training. In fact, his work to date has made him sure that all business institutions can and should operate under a single code of standards.

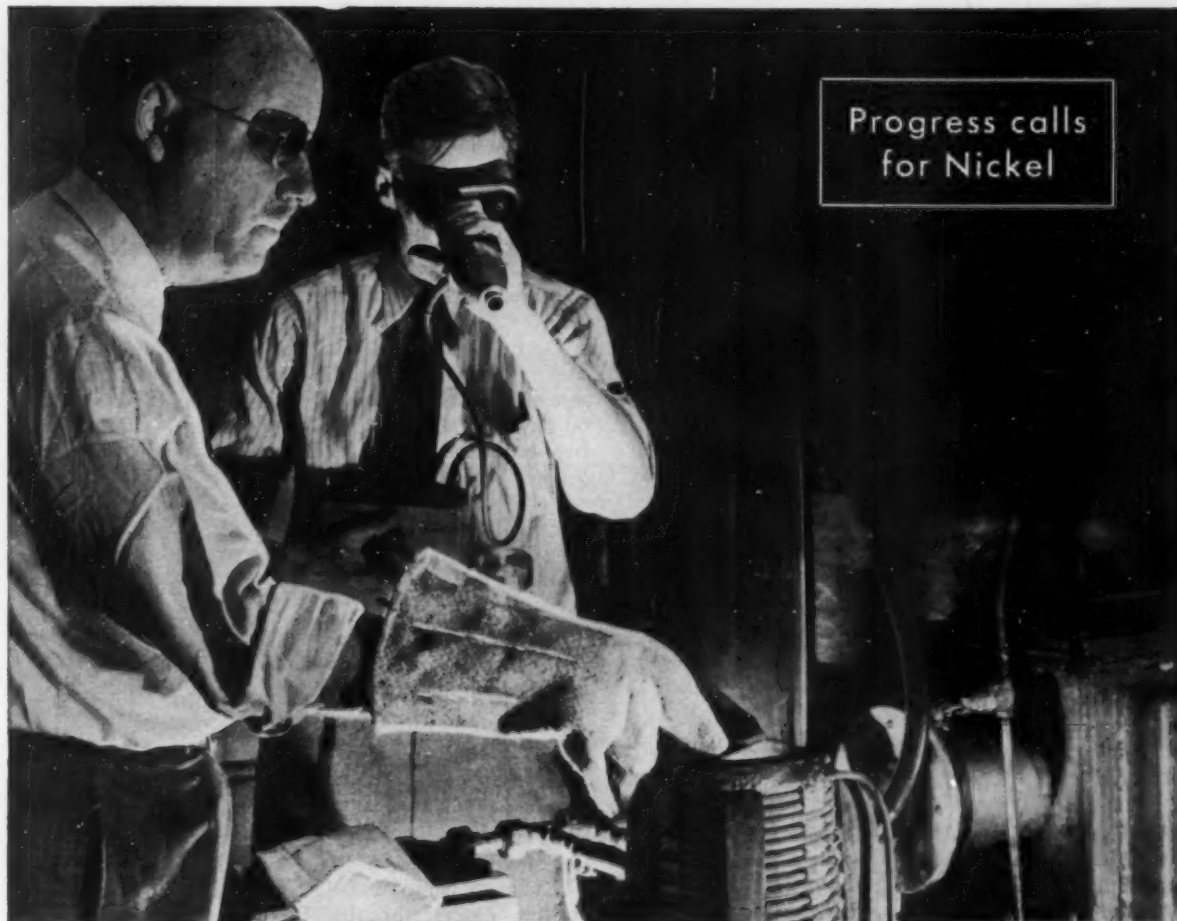
• **Code of Standards**—His basic job is to formulate this code. This will be a broad guide, covering every phase of education, that all business schools can apply.

He and his staff are taking nothing for granted. For example, they are prepared to question whether training for management is a proper academic pursuit at all. And they are trying to determine not only the qualities that make good teachers but also how many may be available.

Another area of investigation is the students themselves. Pearson hopes to find out why students are so bent on business education. In addition, he is studying the various teaching approaches. For instance, he wants to compare the Harvard case-study system, a down-to-earth device, with more abstract and theoretical forms of teaching. He also is looking into split programs, which offer three years of liberal arts then one or two years of specialization.

• **Fresh Look**—Pearson is aware that a new attitude is needed in liberal arts colleges.

These schools are getting into the business education picture, but are mostly doing it by the back door in order to preserve their simon-pure standing. Pearson's own college is in this category. Swarthmore offers courses in accounting, corporate finance, and business administration, but it makes no real attempt to establish a full-fledged business course.



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# In Business

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## Eisenhower Seeks Three-Man Board To Study Air Traffic Safety

Pres. Eisenhower this week called on Congress to set up a three-man airways modernization board to bring the nation's airplane traffic control system up to date. The White House would name the chairman; the Commerce and Defense Depts. would each name one member.

The President told Congress that whenever there are as many as 220 planes flying near a major city it constitutes a critical safety factor. Present traffic control systems are already overtaxed, he said, and the situation will get worse. Last year the airlines flew some 20-billion passenger miles; by 1975 the figure is expected to be around 70-billion miles.

A special report on air traffic needs is scheduled to come from the White House late next month.

• • •

## Kaiser Ups Steel Expansion Goals; Will Double Capacity in California

Kaiser Steel Corp. has decided to expand its own expansion; it has tacked an \$81-million program onto the \$113-million growth already under way (BW—May 26 '56, p36). The combined programs will just about double the 1,536,000-ton annual capacity of the Fontana (Calif.) plant.

Biggest items in the new \$81-million plan are 90 coke ovens, a fourth blast furnace, a third oxygen steelmaking furnace, and supporting facilities.

The financing has already been planned: half through direct sale of first mortgage bonds to institutional investors, \$26-million from earnings, the rest through convertible notes.

Two old partners in construction and other projects have agreed to merge. Stockholders of J. A. McEachern Investment Co. have already accepted merger into Kaiser Industries Corp., via a stock exchange. Kaiser shareholders will vote on the plan soon.

• • •

## That France-to-Britain Tunnel Gets a Bit Revived in U.S.

That hardy perennial, the Britain-to-France tunnel under the English Channel, has a tentative new blossom. A U.S. company has been set up to promote the idea, under the guidance of a New York lawyer, Frank P. Davidson, and Count Arnaud de Vitry of France.

Current estimates of the cost of the 20-mile tunnel run around \$280-million. The Universal Suez Canal Co.,

unfrocked by Egypt's Pres. Nasser, is said to be interested.

The idea was born in the brain of one of Napoleon's engineers, got as far as test borings on both sides, and then subsided under a flood of British opposition in the 1880s. It popped up again in 1929, but collapsed.

• • •

## Second Big Company Halves Credit Terms On Manmade Fiber Fabrics

Deering, Milliken & Co. this week became the second major textile company to shorten its credit terms on manmade fiber fabrics to 30 days from the traditional 60 days. Amerotron Corp. announced a similar move two weeks ago.

The textile industry, busily weighing the impact on customers of the new credit terms, is also studying the effect of another tradition-shattering move by Amerotron. The New England company has announced abandonment of the usual six-day week, in favor of a five-day pattern, while maintaining three shifts around the clock. Amerotron officials say the step should ease the overproduction that is chronic in the textile industry.

• • •

## Business Briefs

Prosecution of seven companies in the Pittsburgh industrial district for violating Allegheny County's anti-smoke ordinance has been urged by the smoke inspectors. The charges named two U.S. Steel plants, two electric utilities, a steel fabricator, the Pennsylvania RR, Pittsburgh Coke & Chemical Co., and Kelsey-Hayes Wheel Co. County commissioners are studying the cases, the first in which prosecution has been recommended under the ordinance.

Ford Motor Co. has given its dealers a new sales agreement, closely paralleling last year's GM innovations and described by Ford as the "best in the industry." Ford dealers can now choose between one-year and five-year agreements, terminable by the company only for cause, and a "continuing" agreement with no fixed term, but terminable by the company at will on 120 days' notice.

The Eisenhower Administration wants the Small Business Administration to be made permanent. That came out this week as SBA sought funds from Congress to resume its lending activities, run dry since Feb. 1. From its birth in 1953 till February, SBA had made over \$250-million in loans.

The Atomic Energy Commission this week awarded to Babcock & Wilcox a \$9.8-million contract to build the nuclear reactor for the world's first atom-powered merchant ship, due to be in service by 1960. The pressurized water reactor is to be of an advanced type, capable of producing 20,000 shaft horsepower. Cost of the entire ship has been estimated at \$40-million; it is to carry 100 passengers and 12,000 tons of cargo at a service speed of 21 knots.

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Economists agree that a family's ability to buy goods beyond the actual necessities of living starts somewhere above the \$4,000 income level. The number of families that can afford such "luxury" items has increased by more than 10 million since 1950. Today, three out of five families in the nation have incomes of over \$4,000, and their ranks are growing faster than ever before.

America's market for all types of goods and services is not only expanding, it is becoming more and more demanding with regard to quality, style and value. Two-thirds of all retail sales are now concentrated in 168 metropolitan areas where mushrooming new suburbs and shopping centers are visible evidence of a new era in marketing opportunity.

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At this point Liberty Mutual's Medical Advisor, an orthopedic specialist, was called in for consultation. After studying the X-rays, he recalled a similar case in which another specialist in Chicago had performed a successful bone graft. The patient was sent to the Chicago hospital. The operation was successful and the man is now back at work with two good legs.

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# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
APR. 13, 1957



Congress will take a close look at big business pricing policies. The plans for the inquiry, which so far have attracted little if any public attention, are pretty well along.

The aim: to show that in industries where production is concentrated in a few big companies, prices are pretty well insulated from the market pressures of supply and demand—the old “administered price” issue.

There will be politics in it, too. Democrats long have charged that Eisenhower’s defense contract and tax policies have helped the big companies grow bigger—dominate their fields more and more.

—•—  
The investigation will be a double-barreled affair.

The kick-off will be by Kefauver’s antitrust subcommittee. This group started out early in this session with a study of the growth in big business. Now, it will go into pricing practices. Hearings will start soon.

A more thorough inquiry is shaping up in the Joint Economic Committee headed by Rep. Wright Patman, (D-Tex.). Spade work already is well along in the Bureau of Labor Statistics. The BLS shortly will give the committee a report grouping products according to how often their prices move up or down. Those that change most frequently will be classed as “free” prices; those that fail to react to supply and demand ups and downs will be suspect as “administered” and get close scrutiny.

—•—  
Industries to be singled out: Steel, petroleum, autos, newsprint, farm machinery, and food.

Sen. Kefauver makes much of the fact that farm machinery prices have gone up at a time when producers were cutting output because of declines in demand. He will seek evidence of “administered” prices.

—•—  
No quick legislation is anticipated as a result of the investigations. They will add to pressure for stronger controls over mergers, but there’s still no assurance of final action this year. But some side effects can be anticipated, as the investigations develop.

Business will be under jawbone pressure to hold the price line. Example: The steel price increase expected this summer to cover an automatic pay raise may be shaved a bit because of attention focused on the industry by the investigation.

Then there will be the political wrangle as the Democrats hammer their big business favoritism charge against the White House. Such maneuvers, when backed with threats of restrictive legislation, make for uncertainty.

—•—  
There’s some bad feeling among the Democratic investigators—rivalry that may well intensify the assault on business. The background:

The start of the Senate antitrust subcommittee investigation into the field of economic concentration was under the chairmanship of Sen. O’Mahoney, (D-Wyo.). Kefauver, then busy with his unsuccessful bid for the Democratic Presidential nomination, has since used his seniority to take over from O’Mahoney. It’s possible that the Joint Economic Committee will turn its investigation over to a subcommittee, headed by O’Mahoney. This could make a scramble to push Kefauver out of the headlines and make businessmen the victims of the rival investigations.

# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
APR. 13, 1957

**On foreign aid**, the Democrats like the idea of the Dulles plan to put military assistance in the defense budget and set up a long-term loan program of economic assistance. But for political reasons, they may end up doing nothing about it. If the military end of the aid program was in the Pentagon's budget, congressmen who voted to cut it might be accused of voting to cut defense, which is fairly popular with constituents.

**A sizable aid cut seems sure**—probably as much as \$1-billion out of the nearly \$4.4-billion Eisenhower proposed. It's an item that has been heavily criticized in the economy demands on Congress. And now that the British are cutting back on their defense establishment (page 48) and, what's more important politically here at home, cutting their tax burden, too, a reduction in foreign aid seems all the more sure.

**A word of caution on Congress' budget-cutting claims:** Only about half of the more than \$1-billion saving the House figures it has made in the President's budget would show up in reduced spending in the 1958 fiscal year. The other part of the cut is in requests for funds that would not show up as actual expenditures until future years. Both types of cuts amount to economy. But it's the cut in 1958 fiscal spending that will have the real bearing on whether or not tax relief is voted next year.

**Note the Republican tax-cutting bill** introduced this week by Richard Simpson (R-Pa.), a key member of the House Ways & Means Committee. Odds are against any action on it this year, even though it has considerable support. But it is significant, however, as a clear indication of:

(1) **The political jockeying for advantage on the tax issue.** The bill gives GOP congressmen something to point to at a time when the Democrats are weighing the idea of voting a cut this summer, effective in 1958.

(2) **The type of cut Republicans will back** when the time comes, as against the Democratic plan to concentrate relief in the lower brackets.

**Here are the highlights of the Simpson bill**, which proposes a total saving of some \$5-billion for corporations and individuals:

**An increase in the personal exemptions**—upping the present \$600. This would be of greatest benefit in the lower income brackets.

**A 10% reduction in personal rates**, running all the way up the income scale. This would mean substantial relief for middle and upper incomes.

**A two percentage point cut in the corporate rate**, making it 50%.

**A halving of the 25% capital gains rate**, coupled with a reduction in the long-term holding period from six months to three months.

**The move improves prospects for a tax cut next year.** It puts the Administration on notice that if the next budget can't afford a tax cut without a return to deficit financing, many Republicans will depart the party line and vote for a cut anyhow. Simpson's own theory, and it's shared by many others, is that the only way really to force a spending cut is to deprive the Administration of revenues and make it live within its income.

**And it points up the widening split within the GOP.** The President has made it clear he doesn't intend to back down on his spending programs. Members of Congress who must run for reelection next year are afraid the President is misjudging public sentiment, as in the "economy mail."



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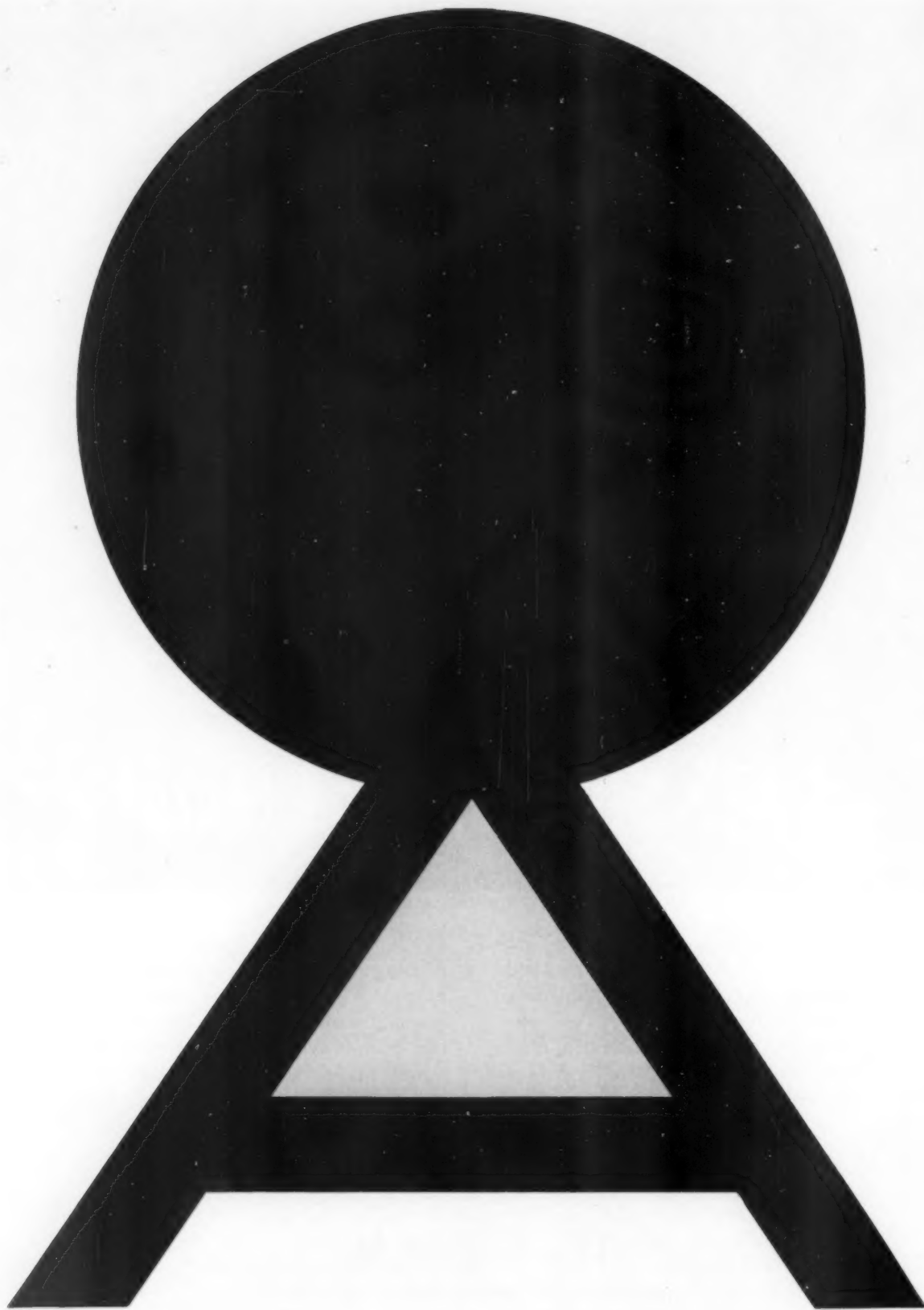
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*Symbol of Olin & Aluminum—and of a new concept of service standards in the Aluminum Industry...*

Olin Mathieson  
Chemical Corporation,  
one of the world's  
largest suppliers of  
Chemicals, Metals and  
Packaging Products,  
announces a  
major new Division

# OLIN ALUMINUM

a big new primary source  
of ALUMINUM—with an important new  
concept of Quality and Service

Right now, new Olin Aluminum is being fabricated at four plants—in the Midwest, on the West Coast and on the Gulf Coast. And soon, with huge shipments of Bauxite on the way—and with 300 million dollars now being expended on the construction of a giant Alumina Plant, a new Reduction Plant and an ultra-modern Rolling Mill—Olin Aluminum will have behind it a completely integrated operation . . . assuring it an initial annual capacity of 240 million pounds within a year! Soon the men from Olin Aluminum will be coming your way to tell you about our new concept of quality and service designed to cut manufacturing costs for users of Olin Aluminum. In the meantime, as you go about planning your future Aluminum needs, we cordially welcome all inquiries. Write to: Aluminum Division—Sales, Olin Mathieson Chemical Corporation, 460 Park Ave., New York, N. Y.

 AND "OLIN ALUMINUM" ARE TRADEMARKS  
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### The Fascination of Color

Can you blame this young fellow for creating such a stir? After all, to most grownups color television is much more exciting too.

Color printing is no less exciting in its way. If a story calls for a picture, how much better to tell the story with all the impact of full color. Whether the picture shows a gleaming new refrigerator, the charm of Bermuda, or a girl in a silver mink stole, color lends excitement.

Oxford Papers are used by the best printers and lithographers. There are 25 different grades for color reproduction. If you would like helpful advice on papers for color printing, call your nearby Oxford Merchant, or write our nearest office.

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*Help Build Sales*

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PRINTING PAPERS FOR BOOKS, MAGAZINES, COMMERCIAL PRINTING, BUSINESS FORMS AND PACKAGING



# In Marketing

. . .

## Survey Finds Premiums Burgeoning, Both for Consumers and the Trade

Premiums—either for consumers or for the trade—showed no signs of slackening during 1956. This is the central fact to come out of a survey by Dr. Arnold Corbin, of New York University Graduate School of Business Administration. Dr. Corbin surveyed some 15,000 premium users, suppliers, and ad agencies in a study for Premium Advertising Assn. of America, Inc.

The association has stopped giving out over-all industry statistics, so just how far premiums have come is not clear. But the survey does bring out a few points:

Almost 72% of 560 suppliers expected premium sales to increase in 1956.

Among manufacturers, wholesalers, and publishers, the percentage of those who said they would give more consumer premiums in 1956 than in 1955 ranged from 25.9% to 35.8%, depending on the type of premium offered. The percentage who said they would give more trade premiums—chiefly incentives for their own salesmen—ranged from 22.5% to 46.2%.

Among retailers (whose favorite type of premium is the straight give-away) the percentage who expected to step up their premium use over 1955 ranged from 24.2% to 50.7%.

Biggest reason stores gave for offering premiums was to bring in new customers; among nonretailers, the most frequently mentioned reason was to get new customers for an existing product and to build customer loyalty.

Anyone looking for a slowdown in trading stamps will find little comfort in this report. A bigger percentage (50.7%) of retailers answered that they would use more trading stamps in 1956 than said they would increase the use of any other type of premium.

. . .

## Pat Weaver Back With Plan For More Offbeat TV Programs

The TV networks are in for some new competition. Sylvester L. Weaver, Jr.—the redoubtable Pat—this week lifted the edge of the curtain to answer a question. Now that he's no longer chairman of the board of NBC (BW—Sep. 15 '56, p. 29), what is he going to do? The answer came in a speech to the Seattle Advertising Club. He didn't spell it out precisely but, roughly, here's the plan.

Weaver is establishing what he calls Program Service to provide services the advertiser can't usually get from the network and national spot coverage. He will produce programs for advertisers with network time; he'll also distribute programs on film, or live over phone lines, sponsored or sold to stations for resale.

Program Service will utilize the new VHF inde-

## MORE NEWS ABOUT MARKETING ON:

- P. 62 Safeway's new boss sets new pattern—for profits.
- P. 76 Toll TV hopes to get its chance.

pendent stations, in 15 major markets, that are either on the air now or will be by fall. These stations cover "almost half of all the television homes in the country," Weaver says.

Weaver's idea is to offer a genuine alternative to what the nets are offering. If the nets feature kid shows at a given hour, he'll put on adult shows. It's part of his philosophy to catch not just the heavy TV viewer, but the occasional viewer, who doesn't often find on the networks the fare that attracts him. Because Program Service is delivering only a "small" circulation ("no larger, say, than the circulation of an issue of Life"), costs to the advertiser will normally run much lighter.

The networks, counting so heavily on ratings per individual show to justify the high network cost, tend to keep to the safe, broad stereotype—the Western, the kid show, the crime show, and the like, Weaver explains. His format will lend itself to the informative and cultural program, as well as to the broad commercial type, he feels. By enlarging the scope of the program, you get broader coverage anyway, though your per-program rating may drop.

Meanwhile, NTA Film Network, Inc., the organization that calls itself the "fourth TV net" (BW—Sep. 22 '56, p. 52), got off the ground with its first commercial show last week. Its first series, drawn from the 390 feature films that NTA acquired in its deal with 20th Century-Fox (BW—Nov. 10 '56, p. 59), is called *Premiere Performance*. First show in the series was *Suez*, sponsored by Warner-Lambert Pharmaceutical Co., Old Gold Cigarettes, Hazel Bishop, and Sunbeam. *Suez* was shown on 133 TV stations in the U.S., Hawaii, and Alaska.

. . .

## GE's Action on Flashbulb Pricing Scores a Point for Fair Traders

"Fair traders" had something to cheer about last week. General Electric Co. announced that it would fair trade its flashbulbs, starting Apr. 20.

O. H. Young, marketing manager of GE photo-lamp department, said that the company is making the move "in the interests and wishes of the majority of more than 90,000 retailers (mainly drug stores and camera shops) of GE flashbulbs, and in the interests of the photo-lamp department in preserving the value of its trademark on flashbulbs."

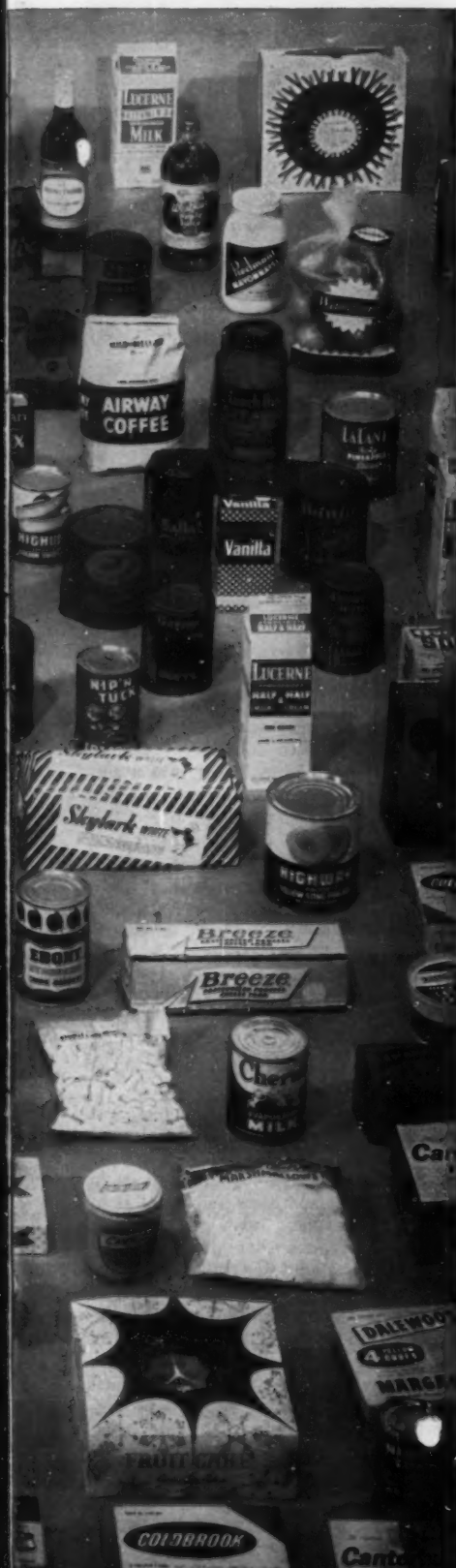
Young added that his department had hoped to find some other way of insuring its dealers a reasonable profit, but hadn't come up with any better solution.

Trade observers believe the move, with its implied appeal for dealer support, was also aimed at shaving Sylvania's lead in the flashbulb field. Currently, Sylvania is No. 1, GE is No. 2, and Westinghouse is probably No. 3. Last fall, GE started a \$1-million campaign to back its PowerMite M2 flashbulb.

# Consolidation Adds Up to Fatter



# Profits for Safeway



The packages shaded in blue in the picture show Safeway company's own brands that no longer appear on the shelves of its stores.

This is only the most visible of many changes Robert A. Magowan has instituted at Safeway to get the profit margin on the company's hefty sales volume up where it should be.

**T**HE RADICAL reduction of its own private brands by Safeway Stores, Inc., as illustrated in the picture at the left, is the obvious change any customer could notice in the big food chain's operations since Robert A. Magowan (cover) took over a year and a half ago.

But this reduction, a sharp reversal of former Safeway policy, is only one of a lot of differences showing up as Magowan attempts to remold the nation's No. 2 supermarket chain—second only to A&P—so that it can return a profit commensurate with its almost \$2-billion sales figure.

• **The Sole Aim**—His changes affect basic policies in pricing, purchasing, merchandising, advertising, real estate, administration—all of them aimed at one thing: keeping more of a bigger sales dollar.

Historically, of course, any retail food chain operates with a smaller margin of profit than almost any business—less than 2% after taxes.

But of all the major food chains, Safeway Stores has had the doubtful distinction of being low man on the totem pole—as low as 0.45% in 1952, and only 0.7% as recently as 1955.

• **Turn for Better**—Next week in Del Monte, Calif., Magowan, Safeway's chairman and president, will assemble his top executives and retail division managers for conference.

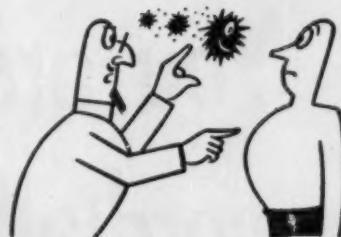
At that meeting, he will confirm with hard figures what the financial statement for 1956 operations has already established: The profit margin corner has obviously been turned.

Magowan will tell his executives that earnings in the first 12 weeks of 1957 passed those of the same 1956 period by 46%—\$1.61 per common share versus \$1.10 last year.

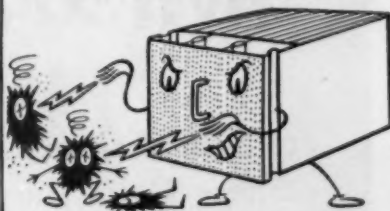
What makes that 1957 improvement stand out is that it's a leap ahead of the

## AIR-MAZING FACTS

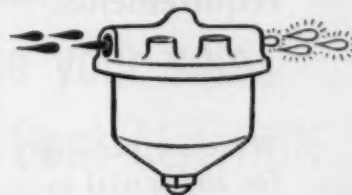
BY O. SOGLOW



**WORLD'S FIRST... BUT NOT BEST FILTER.** It's your own nose and throat. As you breathe, the moist linings of your respiratory system pick up airborne dirt. Unfortunately, that's exactly where you don't want dirt... if you want to stay healthy. So Air-Maze filters today do the job of cleaning all objectionable dirt out of the air for you... before you breathe it.



**ELECTROCUTES DUST!** For industrial or commercial applications the Electromaze electronic air filter uses an electrical charge to remove the finest dusts, pollens—even smoke particles. Widely used in ventilating offices, hospitals, and stores. Can be serviced automatically. New G-E selenium rectifier eliminates tube maintenance.



**KEEPS OIL SPIC AND SPAN.** Air-Maze liquid filters remove abrasive particles from engine lubricants, fuels and hydraulic fluids. "Disc" construction provides many times more net effective filter area than other types of permanent filters. All-metal construction. Like new after cleaning.

**FOR ANY DEVICE THAT USES AIR OR LIQUIDS.** For engines, compressors, air conditioners, ventilators... or any device using air or liquids—there is an Air-Maze filter engineered to match each need. Filter-trained representatives in all principal cities will be glad to help you solve your dirt-removal problems. For condensed product catalog, write Air-Maze Corporation, Dept. A-4, Cleveland 28, Ohio.

## AIR-MAZE

The Filter Engineers

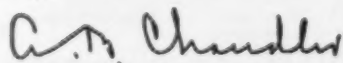
AIR FILTERS • SPARK ARRESTORS • LIQUID FILTERS  
SILENCERS • OIL SEPARATORS • GREASE FILTERS



# You are cordially invited...

to visit Kentucky  
where I can show you  
a plant site  
that will meet  
94.5% of all your  
requirements.

Write me personally  
for any special in-  
formation you want  
regarding plant sites.



Albert B. Chandler,  
Governor



Commonwealth of Kentucky  
Frankfort, Kentucky

biggest and best year the food chain has ever had—1956. Sales last year of \$1.9-billion, up about 3%, returned a net of \$25.4-million, up 87%. After taxes, that figures out to a profit margin of 1.28% and puts Safeway again in the running with other big food chains.

## I. No More Vendettas

Safeway had no magic formula for these gains. It did acquire new management, and to the extent that the new management has called a cease-fire in the vendettas that sapped the company's strength for years, you can credit Magowan for the new look. But the financial comeback can be traced primarily to the homespun policy of spending less than you earn.

- **New Replacement**—Magowan stepped into the picture in August, 1955 (BW—Sep. 3 '55, p30). He had been sales manager of Merrill Lynch, Pierce, Fenner & Beane, whose senior officer, the late Charles E. Merrill, owned the largest single block (about 6%) of Safeway stock. He also was Merrill's son-in-law.

The shoes he was to fill at Safeway were occupied by Ligan A. Warren (BW—Dec. 26 '53, p90), one of the most controversial figures in merchandising since the late George Washington Hill of American Tobacco Co.

- **Unprofitable Crusades**—Warren had the touch of genius that put Safeway in the big time. But he also had a jaw that could have been chiseled out of granite, and a will to match it. With this, and the resources of the second largest food chain to back it up, he waded with religious fervor into a succession of crusades—against trading stamps, premiums, coupons, advertising allowances, direct deliveries to stores, the retail milk pricing system.

Although his boxscore fails to show a single triumph, his zeal never flagged. He poured untold millions of dollars into his campaigns. His wrangles with the Grocery Manufacturers Assn. of America became epics at food trade conventions.

For all of his crusades, Warren found himself a lonely Don Quixote tilting at a forest of windmills.

- **High Volume, Low Profits**—It's a glowing tribute to Warren that in the last 10 years of his presidency—the years of his fiercest fights—he more than doubled Safeway's sales and more than tripled the average sales per store.

Profits were another story. Anxious stockholders could see the sales curve running over the top of the chart and the profit curve skittering out at the bottom, and that didn't make sense. So Charlie Merrill lowered the boom. Warren was retired with the euphemistic title of consultant and a tidy percentage deal that runs for eight years. Magowan took over, first as chairman,





Film of ALATHON extruded by Clapay Corporation, Cincinnati, Ohio; converted by Kennedy Car Liner & Bag Company, Inc., Shelbyville, Ind., for The Procter & Gamble Co., Cincinnati, Ohio.

## *Now* a new opportunity to increase your sales with customer-appealing film of a Du Pont ALATHON®

A full-length clothing bag made of a Du Pont ALATHON is a sure-fire customer pleaser. Offered free, as a premium, these strong transparent bags can be used to promote your product to new customers and increase its sale among current customers.

Accordingly, The Procter & Gamble Company is enclosing a garment bag made of an ALATHON polyethylene resin inside each special Giant Size package of Spic and Span cleaner. This bag of

ALATHON is light in weight and, tightly folded, takes up only six cubic inches of space within the package.

Film of an ALATHON has already won customer acclaim when used by dry-cleaning establishments. Customers like the neat appearance of clothing returned in this strong, clear material and are pleased to have the bags for other uses in the home after the garments have been removed.

Film of an ALATHON combines dura-

bility with an unusually high degree of transparency. Used to package a wide variety of products . . . soft goods, hardware, foodstuffs . . . film of an ALATHON offers added attractiveness as well as extra-durable protection.

**SEND FOR MORE INFORMATION.** Perhaps film of an ALATHON can help you promote your merchandise or make a better package for your product. For more property and application data, clip and mail the coupon below.

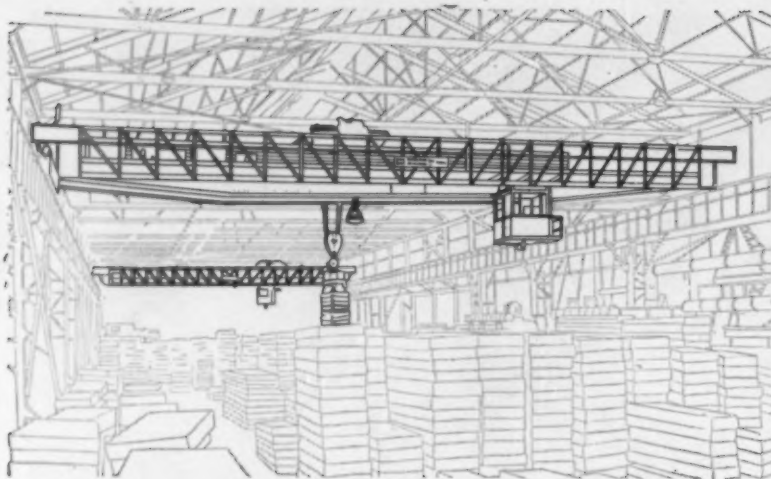


REG. U. S. PAT. OFF.  
BETTER THINGS FOR BETTER LIVING  
... THROUGH CHEMISTRY

E. I. du Pont de Nemours & Co. (Inc.), Polychemicals Department,  
Room 22413, Du Pont Building, Wilmington 98, Delaware.  
Du Pont Company of Canada (1956) Limited, P. O. Box 660, Montreal, Quebec.

Please send me more information on Du Pont ALATHON polyethylene resin. I am interested in evaluating this material for \_\_\_\_\_

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Firm Name \_\_\_\_\_  
Street Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_  
Type of Business \_\_\_\_\_



## TWO CRANES

### KEEP STEEL SLABS MOVING

In the dark of night, the nation's steel-making centers are bathed in a vivid glow that symbolizes the might of the industry. Unseen by most eyes are the powerful cranes that handle the vast daily tonnage. For example, in a large steel mill in the Pittsburgh area are two "Shaw-Box" Slab-Handling Cranes, each with a span of 100 feet. Each crane has a main hoist of 25-tons' capacity, plus a 10-ton auxiliary hoist. They transport stacks of steel slabs from rolling mill to yard storage. Built to the rigid specifications of the Association of Iron & Steel Engineers, each crane has the fine controls essential to place loads precisely, the stamina to give dependable service throughout their long life.

"Shaw-Box" has long served the steel industry with high-performance load-handling equipment, including gantries, soaking pit carriages and ladle cranes. Numerous operational and construction features in "Shaw-Box" Cranes are the acknowledged standard in crane manufacture. The recent creation of a general-purpose hydraulic crane in capacities to 10 tons again expresses our leadership in research and development. It utilizes only one electric motor for all crane functions and provides extremely fine positioning characteristics. Most of the electrical equipment and many moving parts have been eliminated. Consequently low operational and maintenance costs are certain.

Whether you require a crane for a metal-working plant or a locomotive repair shop, a shipyard or a power plant, Shaw-Box can supply it. Our engineers welcome the opportunity to discuss ways you can obtain the best crane for your particular service.

**"Shaw-Box"® CRANES**

**MANNING, MAXWELL & MOORE, INC.**

Shaw-Box Crane & Hoist Division

356 West Broadway • Muskegon, Michigan

In Canada: Manning, Maxwell & Moore, of Canada Ltd.,  
Avenue Road, Galt, Ontario

57E-2



Builders of "Shaw-Box" and "Load Lifter" Cranes, "Budget" and "Load Lifter" Hoists and other lifting specialties. Other Divisions produce "Ashcroft" Gauges, "Hancock" Valves, "Consolidated" Safety and Relief Valves, "American" and "American-Microsen" Industrial Instruments, and Aircraft Products.

and this year as president, too, when Milton L. Selby retired.

Fresh from Wall St. and its paneled shrines, Magowan shuddered at the gloomy old warehouse on the fringe of the wholesale district in Oakland, Calif., that serves as home to this national corporation with assets of \$238-million. He knew it from a three-year stint he once served with Warren after a seven-year stretch with Macy's in New York. But 17 years in the cloistered luxury of Wall St. had clouded his memory of the frugality that awaited him in the West.

If Magowan shuddered at the building, the people who occupied it trembled at the invisible ax poised above them. They knew that nothing less than an earthquake could unseat Warren. With him gone, they wondered how safe they were.

Their fears were well-founded. Magowan turned out to be just as scrappy as Warren. The big difference is that Magowan doesn't fight the same people or the same things Warren did. With a securities dealer's perspective, he fights expense.

• **Penny Pinchers**—Magowan is the first to admit that he knows nothing about the grocery business. And he has gathered around him a corps of top-level executives, all but one of whom are Safeway veterans, who know little more than he about how to peddle groceries. Of the six, three are accountants, one a lawyer, and one a public relations man who earned his spurs with J. C. Penney Co. The sixth came up through the store system, now is in charge of real estate and construction.

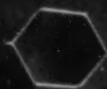
All the merchandising knowhow resides in the 18 retail distribution division managers and in the 27 zone, 122 district, and 1,981 local store organizations that fan out from them in 25 states, the District of Columbia, and five Canadian provinces. These people, constituting about 75% of the corporation's 54,000 employees, are the pampered darlings of the Magowan regime.

• **Ax Falls Often**—The poised ax fell again and again. It landed in high places, it landed in low places. In some cases, at the upper levels, the blade abruptly settled some irreconcilable policy difference. Others who felt its edge were ready to retire anyway. The rest were victims of a sweeping consolidation of supporting services.

Magowan's first job, as he saw it, was to put out the fire—to arrest the decline in profit margin and, if possible, to fatten profits a bit. This would still the angry voice of the stockholders.

• **Strategic Withdrawals**—His second job was to call off Warren's pet wars. Instead of fighting trading stamps as Warren did, Magowan decided to give them where competition forced him into it. He doesn't like premiums and coupons any more than Warren did,

a hexagon



(of aluminum, glass-fabric, stainless steel)

...and another



and more and more



## == HEXCEL HONEYCOMB

*the basis for new structural materials  
with the greatest strength-to-weight ratio ever developed!*

Add facing sheets of lightweight aluminum or steel to Hexcel honeycomb and it performs feats of strength never before equalled by lightweight metals.

The hexagon's six rugged walls not only give great strength and light weight but provide protection against heat and vibration, and have excellent acoustical properties.

Hexcel honeycomb was originally developed for use in aircraft structures—such as the giant radar domes on the Lockheed search planes and the wings of the Martin Matador

missile. But now this new honeycomb material is proving its value in curtain wall construction for buildings and for interior wall panels.

HONEYLITE®—the newest word in lighting—is Hexcel aluminum honeycomb without facings. In fixtures or in full ceiling illumination, HONEYLITE® transmits soft, glare-free light with nearly perfect efficiency. More uses for the versatile hexagon are being discovered every day!



**HEXCEL® PRODUCTS INC.**

*For a world of things made  
lighter and stronger than ever before*

HEXCEL PRODUCTS INC.  
951 - 61st Street, Oakland 8, California  
Please send me your free illustrated book telling  
how many leading industries benefit from  
Hexcel Honeycomb.

Name  Title

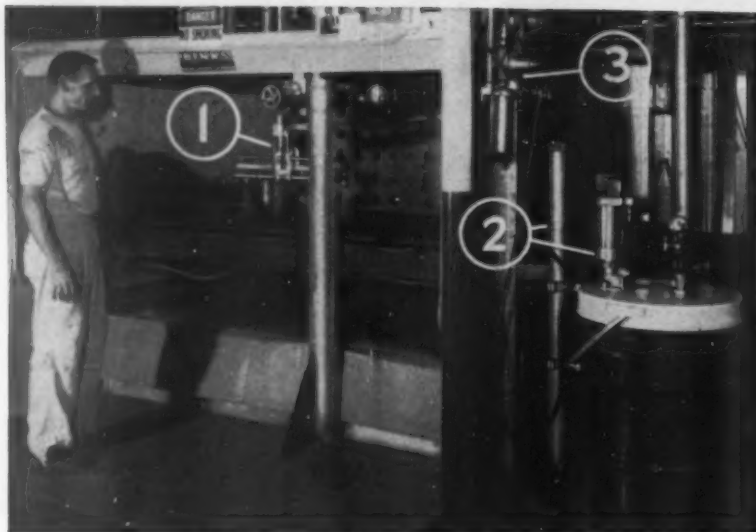
Company

Address

City

State





Laminating adhesives are automatically spray applied to panel materials by this Binks system comprising: (1) a Binks automatic reciprocating spraying machine in conveyorized Binks spray booth, (2) a Binks material handling pump and pump elevator, and (3) a Binks oil and water extractor and accessories.

## Automatic spraying of adhesives saves material...assures even bond



Mr. Carl M. Kromp, plant manager at Panelfab Products, Inc., North Miami, Florida, reports:

### Perfect bond—every time

"Since installing a Binks automatic reciprocating spraying machine for the application of adhesives to our panels, we get even coverage. There are no skips or thin spots to cause bond failure. Perfect bond is a must as we make structural building panels by laminating facing materials such as hardboard and aluminum sheets to a honey-comb core."

### Improved production

"Automatic control over adhesive application prevents waste too. Adhesive is pumped direct from original shipping drums...no need to transfer material from one container to another. An elevator lifts the pump for easy exchange of drums. Conveyorized spray booth and Binks automatic reciprocating machine maintains steady production rate—eliminates fatigue element associated with manual methods."

As was the case with Panelfab, no matter what liquid or semi-liquid you may now be applying in your production process—it will pay you to talk to Binks.

### Free analysis and engineering help:

If you would like to know what production rates or costs you could obtain with Binks spraying systems, Binks research department will run an actual test on your products and give you a detailed report. *No obligation*—call your nearest Binks Branch Office or write direct.

7388

**Binks**

EVERYTHING FOR

SPRAY PAINTING



SPRAY GUNS



AIR COMPRESSORS



FLUID TANKS

**Binks Manufacturing Company**  
3134-40 Carroll Ave., Chicago 12, Illinois

REPRESENTATIVES IN PRINCIPAL U.S. & CANADIAN CITIES • SEE YOUR CLASSIFIED DIRECTORY

"... Magowan's first job, as he saw it, was to put out the fire . . ."

SAFeway starts on p. 62

but if his customers and the grocery manufacturers want to use them, that's enough for Magowan.

He abandoned Safeway's resistance to direct deliveries of soft drinks, potato chips, packaged nuts, rack merchandise. If his division managers want to permit direct deliveries, it's their affair. Warren had wanted these products delivered to Safeway distribution centers.

Warren also had fought advertising allowances from manufacturers. He wanted to buy at the best prices with no strings attached. Magowan feels the same way, but not to the point of going to the mat with the manufacturers. "We're not going to prostitute our advertising merely to collect allowances and fill up a newspaper page," he says, "but we are going to conform to industry practice."

It may come as news in California, Utah, Idaho, and Washington, D. C., that Safeway has given up the retail milk price fight. In these areas, the chain opposed state floors under retail prices, offered to sell milk 14¢ per quart cheaper, and was stymied at every turn.

"We're through with do-good causes," says Magowan. "However valid, they've made few friends for Safeway and lots of enemies. The company spent millions of dollars in opposing trading stamps, cutting prices, and issuing its own 'Cash-Saver' coupons, but we didn't put one dent in the solid front of the stamp givers. We learned the hard way that you can't combat stamps by cutting prices. If it takes stamps to hang on to our business, we're going to give them."

• **Advantages of Peace**—There were two advantages in abandoning outside conflict. One was a welcome improvement in relations with the rest of the food distribution industry, the grocery manufacturers, and possibly the public.

The other advantage was purely financial. Drummond Wilde, vice-president and general counsel, doesn't reveal how much has been spent on lost causes, but admits it was a substantial sum and estimates that Safeway reduced its expenditure for outside counsel fees by 35% or more last year. Magowan says total legal expenses were cut in half, public relations expenses by 25%.

## II. Local Autonomy

Decentralization and consolidation were the tools Magowan used to effect the turnabout. Acknowledging his limitations in grocery merchandising, he



*Reddy Kilowatt is a registered trade mark used by permission of the owners, Reddy Kilowatt, Inc., and licensed utility companies in the U.S. and other countries.*

## Reddy Kilowatt® is a Regular Guy

*... feeding an even, dependable flow of electricity to lights, appliances, and other electrical equipment—with the help of modern voltage regulators using Mallory heavy-duty electrical contacts.*

**E**VER TURN on the downstairs faucet and have the upstairs shower turn to a drizzle? Well, water pressure is like electrical "pressure," or voltage, and the same sort of thing could happen to the electricity in your home when lights, appliances and machinery are turned on or off in your neighborhood.

Because the load is unpredictable, maintaining steady line voltage is a tough assignment. Progressive utilities solve the problem by installing voltage regulators to help automatically balance supply against demand in each neighborhood—and thus prevent inadequate lighting, poor appliance operation, and damage to motors and equipment.

Vital to dependable voltage regulator operation are heavy duty contacts made of Mallory Elkonite®. Product of Mallory powder metallurgy, this unique alloy combines both the high conductivity and great physical strength required in heavy duty service.

In every conceivable type of electrical equipment,

Mallory contacts play a vital part—usually unseen but always essential to dependable performance.

Wherever you may be, chances are that in a nearby piece of equipment there is a Mallory precision component at work for you . . . because America's growth industries rely on Mallory—the company *at home in tomorrow*—for precision products and broad experience in the dynamic fields of electronics, electrochemistry and specialized metallurgy.

### MALLORY

SERVING INDUSTRY WITH THESE PRODUCTS:

Electromechanical • Resistors, Switches, Tuning Devices, Vibrators  
Electrochemical • Capacitors, Mercury and Zinc-Carbon Batteries  
Metallurgical • Contacts, Special Metals, Welding Materials

P. R. MALLORY & CO. Inc., INDIANAPOLIS 6, INDIANA



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For complete information and costs of using helicopters by the hour, day or month, consult Aero-Boeing, Seattle 1, Wn. Phone MU 0477.

# AERO-BOEING

A WILLIAM E. BOEING, JR. ENTERPRISE

Lessor of Helicopter Equipment Serving  
Aero-Copters, Inc. Helicopter Service • Chem-Air, Inc. Chemistry By Air

- ✓ Executive Supervision in remote locations
- ✓ Transporting Supplies
- ✓ Surveys
- ✓ Patrol Work
- ✓ Exploration



## Why sales are jumping in Georgia

One good reason: your dollars at The C&S work hard, as constructive loans, to build buying power and sales. Example: last year C&S Banks financed sales of farm equipment to 3,896 Georgia farmers.

## The Citizens & Southern National Bank



Broad & Marietta Sts.  
Atlanta 2, Georgia  
Georgia's Largest Bank  
Capital Funds over \$33,000,000  
Member FDIC  
NEW YORK SERVICE OFFICE:  
500 Fifth Ave., New York 36, N.Y.

turned over the merchandising function to his 18 distribution division managers. Nobody at the top level tells them how to sell groceries. He also made them accountable for their performance.

At Safeway, that's revolutionary. Warren held the division managers accountable, of course, but gave them little latitude.

• **Surprising Changes**—Before Magowan had even warmed his chair, he called all the division managers together in Atlantic City—the first time the managers had met, incidentally—and told them, "You don't have to sell Safeway brands."

He warned them that Safeway would try to make its private label wares so attractive that customers would demand them. But it was up to division managers to decide whether they stocked or ignored Safeway brands. At the time, the company was imprinting its label on 210 different products in a variety of sizes that called for 600 different labels.

The bombshell, though, was his announcement that the division managers henceforth would buy national brand wares through established wholesale channels—no longer through the central buying office in Oakland. Furthermore, it was up to each division manager to assess the demands of his customers for national brands and to meet the demands.

"Our job," he said, "is to give the customer what she wants, not try to tell her what she should want."

• **Buying Freedom**—Home office pressure for Safeway brands had been a thorny issue with the men who had to promote them. They were fine products. But there was such a profusion of them that promotion was both expensive and confusing, and the pressure from Oakland ignored the big consumer demand for nationally advertised merchandise.

Central buying of national brands, too, was a major bone of contention under Warren. Say the Kansas City Div. wanted a carload of Del Monte peaches. The manager sent his order to Safeway in Oakland. The Oakland office processed the order to California Packing Corp. (Del Monte) against Safeway's volume purchase. Del Monte delivered the peaches to the Kansas City warehouse, but billed Safeway in Oakland. The Oakland office in turn billed the Kansas City Div., adding an "up-charge" of perhaps 2¢ a case for handling.

The division people were appalled at the paperwork involved in this process, but they screamed in agony at the up-charge. In some cases they could have bought the merchandise from a broker for less than they had to pay the home office.

Although the fury of their complaints





Johns-Manville Permacoustic Ceiling in the Penn Center Office of The Philadelphia National Bank, Philadelphia, Pa. Architect: James S. Hatfield and Lloyd Malkus Assoc.

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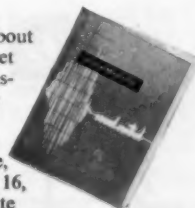
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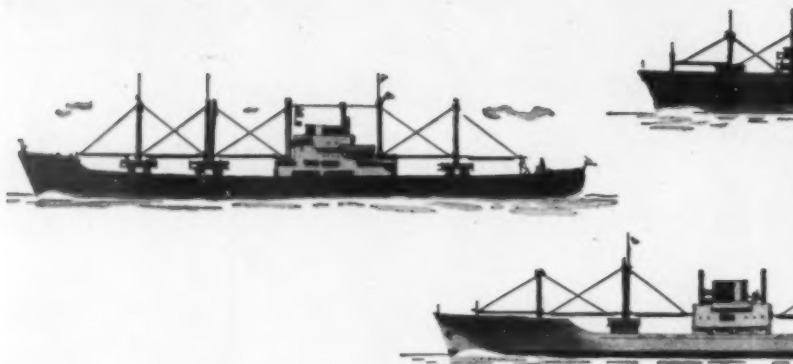
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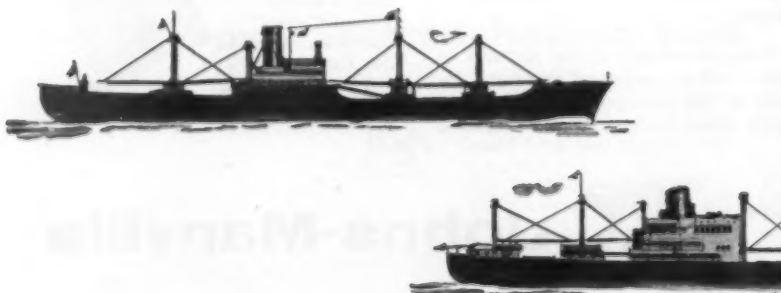
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probably didn't reach Warren, some of the division men were outspoken in accusing the home office of operating an "extraction industry."

Now Magowan was telling them that all this was in the past. They were on their own. All that was required of them was to sell a whale of a lot of groceries and return a good profit. As an incentive they had a bonus system that would scale their own return to the results they produced. Elimination of the upcharge was, under the incentive system, like money from home.

## III. Brand Consolidation

The biggest upheaval at Safeway was in the supply and service divisions. Magowan took William S. Mitchell out of the controller's chair, made him vice-president in charge of supply operations. This is the division responsible for manufacture, processing, and promotion of all Safeway-branded products, as well as the purchase of all meat, fish, and produce. With supply no longer operating under the protective umbrella of front-office favoritism toward Safeway brands, it was up to Mitchell to make the distribution divisions clamor for his products.

• **Consolidation**—By combining and consolidating, Mitchell trimmed the 14 supply divisions down to seven, and he reduced the 50 manufacturing, processing, and buying companies in those divisions to 29. He sold a butter plant in Muskogee, Okla., a soft drink bottling plant in Seattle, a meat slaughtering plant in San Francisco, a meat handling plant in Kansas City, a wine bottling plant in Fresno, Calif.—and still had 125 plants left. Others may be lopped off later.

A year ago Mitchell and his division managers tackled that great profusion of Safeway brand names. In canned goods alone, they pruned a list of 40 brands down to six. A check last week of the 210 brand names that were in use in 1954 showed that 71 have been eliminated (picture, page 62). This doesn't mean necessarily that the products have been dropped, although some were. It means only that Safeway is using a smaller variety of labels and getting better mileage out of the dollar spent to advertise and promote those that survived.

The consolidation process is still going on. Mitchell hopes to wind it up substantially by June.

• **The Savings**—Was it profitable? From 1955 to 1956, consolidation cut 38% out of the expense of management, accounting, advertising, and supervision in his supply operation. Advertising expense for Safeway brands—apart from local consumer advertising—was slashed from \$7.7-million to \$4.1-million. (Local consumer advertising in

**THIS HEAT EXCHANGER**—12 inch size and 16 foot tube length—was made by Struthers Wells. The tubes in it were made from Rem-Cru A-55 by The Babcock & Wilcox Company, Tubular Products Division.



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The experience with titanium of the Wyandotte Chemicals Corporation of Wyandotte, Michigan, underlines a fact that may be worth money in your plant: the price of a material of construction is not nearly so important as the cost per service year of operating equipment.

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expensive, less corrosion resistant metals because of titanium's proven ability to last many times longer in severe environments. While previous installation life was measured in months, the new titanium heat exchanger tubes should last for years.

Do you have an operation where corrosion costs are eating into profits? Rem-Cru engineers can show you how titanium can help reduce losses in such cases. They will arrange for prompt deliveries of this versatile metal in a wide variety of sizes, shapes and grades, including high-strength weldable alloys.

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newspapers, radio, and TV rose from \$14.9-million to \$15.8-million.)

Magowan echoes Mitchell's performance figures with a good deal of pride. And he points out that although total sales of Safeway brands were about the same in 1956 as in 1955, the profit on them hit an all-time high last year. That makes it obvious that Safeway has no thought of giving up its private brands.

A similar, if less dramatic, result was produced in the service divisions—accounting, finance, advertising, personnel, research, legal, industrial relations, real estate, and construction. A. Russell Griffith, vice-president and controller, estimates the saving at 20%.

This year could produce some spectacular additional savings in the Real Estate and Construction Div. under vice-president George T. Burroughs. To keep pace with an obsolescence factor in old stores and to serve growing markets it's been necessary to add around 100 new stores every year. Last year Safeway opened 93; this year Burroughs is shooting for between 160 and 175.

### IV. New Management Policy

Magowan has two outstanding characteristics that would endear him to the professional management man. He doesn't hesitate to make decisions, and he doesn't hesitate to delegate authority. And he expects those who report to him—the six members of his operating executive committee—to cultivate the same habits.

- **Pricing**—Take pricing policy. How you price your merchandise is the very guts of retailing. Under Warren, the distribution division managers had a standing order to meet the lowest competitive price, city by city, day by day, regardless of who the competitor was.

Under Magowan, they're obliged to meet only valid competition, and they may exercise their discretion. And they're held accountable for the results over both the long and the short term. Russell Griffith credits this "realistic" pricing policy for last year's 15% jump in gross profit.

Warren used to screen the advertising budgets of the distribution zones. Magowan bucked the job over to Hugh Frost, the young man he promoted from controller to vice-president in charge of advertising, personnel, and research.

- **Sizing Up the Boss**—One of the vice-presidents had a significant thing to say about the boss last week:

"He expects us to make decisions. When we make a bum one, we never hear a whisper of criticism. The only time he chews anybody out is when he hesitates to make a decision. In Magowan's book that's bum management." **END**

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## Pay-TV Heads for New Tests

FCC is reported set to authorize trials of all three types of the over-the-air, scrambled-signal variety; and the wired-in brand will get a summer test in Oklahoma.

Advertising and broadcasting are so firmly wedded that just about everybody is used to having his favorite TV or radio program broken into at intervals while a honey-voiced salesman plugs the sponsor's product. But signs are increasing that eventually the public may be seeing programs over its TV screens without the benefit of a message from the sponsor. This will come from two developments:

- The Federal Communications Commission, within a matter of weeks, is expected to authorize tests to determine whether broadcast toll-TV is commercially workable. The three over-the-air electronic systems presently under consideration differ, but they have this much in common: A pay-TV company will buy time over a regular TV station and broadcast a scrambled signal over the station's channel. This signal can be unscrambled by a decoder device attached to the subscriber's TV set. Without the decoder the signal will appear as a mass of wavy lines. Subscribers will pay for the programs they watch.

- While the FCC is preparing to act on this form of pay-TV, interest is mounting in a radically different brand. Under this setup, the pay-TV company sends its programs over a special wired system linking the central studio with subscribers' homes. FCC approval is not needed for this type of subscription-TV because it does not make use of station channels.

- **Thorny Issue**—Before the public actually begins to see pay-TV programs on its TV sets, however, a lot of hurdles have to be leaped. The different systems of scrambled and wired pay-TV are backed by competitive interests, with each pushing its own brand. Technical and legal questions are involved. And despite the oceans of words written and spoken about subscription-TV, few details about its actual operation are clear.

All this makes toll-TV, with its potentially far-reaching effects on broadcasting, one of the thorniest issues ever to confront the FCC. Almost a decade ago, Zenith Radio Corp., followed by Skiatron Electronics & TV Co., and by International Telemeter Corp., a Paramount Pictures subsidiary, developed electronic scrambling-unscrambling systems. Zenith called its system Phonevision, Skiatron Subscriber-Vision. Telemeter used that name for the system as well as the company.

These methods differ in the technical

means of scrambling the broadcast signal, and in the way the customer works the decoder at home. Telemeter uses a coin box, Skiatron and Zenith use code cards. All three companies have conducted tests and claim their systems are technically practical.

The FCC has been weighing the pros and cons of pay-TV—and there are a lot of them—since early 1955 when it began laborious rule-making procedures. As the documents piled up, it began to look as though the issue would be buried indefinitely. Early this year, possibly under Congressional prodding, the commission began to show signs of reaching some sort of decision. Persistent reports are that it will authorize tests of all three forms of over-the-air pay-TV.

- **Competitor**—Meanwhile, interest began growing in the second, competitive type of toll-TV, the closed-circuit form. Two factors contributed to the interest. This system does not require FCC action. And it appeals to elements strongly opposed to the scrambled form—notably theater exhibitors whose opposition caused film producers to hesitate about making first-run pictures available.

Actually, the wired systems presently available amount essentially—at least so far—to new methods for distributing movies, and they are being operated by theater exhibitors.

As this method gained adherents, International Telemeter began to straddle the fence. It conducted a wired pay-TV operation in Palm Springs (Calif.) three years ago, and just recently showed an improved version in Los Angeles. Telemeter says it is "ready to begin business" with its wired system, but will convert to an over-the-air link when the FCC acts.

- **Argument**—Debate over both types of pay-TV is heated. For the public, the most potent argument advanced by pay-TV forces is a tempting promise of superior program fare not found on regular TV. The various companies talk of offering Broadway plays, operas and symphonies, sports, first-run movies, and other cultural and educational shows, all without commercial interruptions. Such programs would be economically possible, say the pay-TV advocates, because toll-TV would not have to go after the huge mass audience regular TV must have.

Pay-TV foes, including the networks, insist that these cultural delights will





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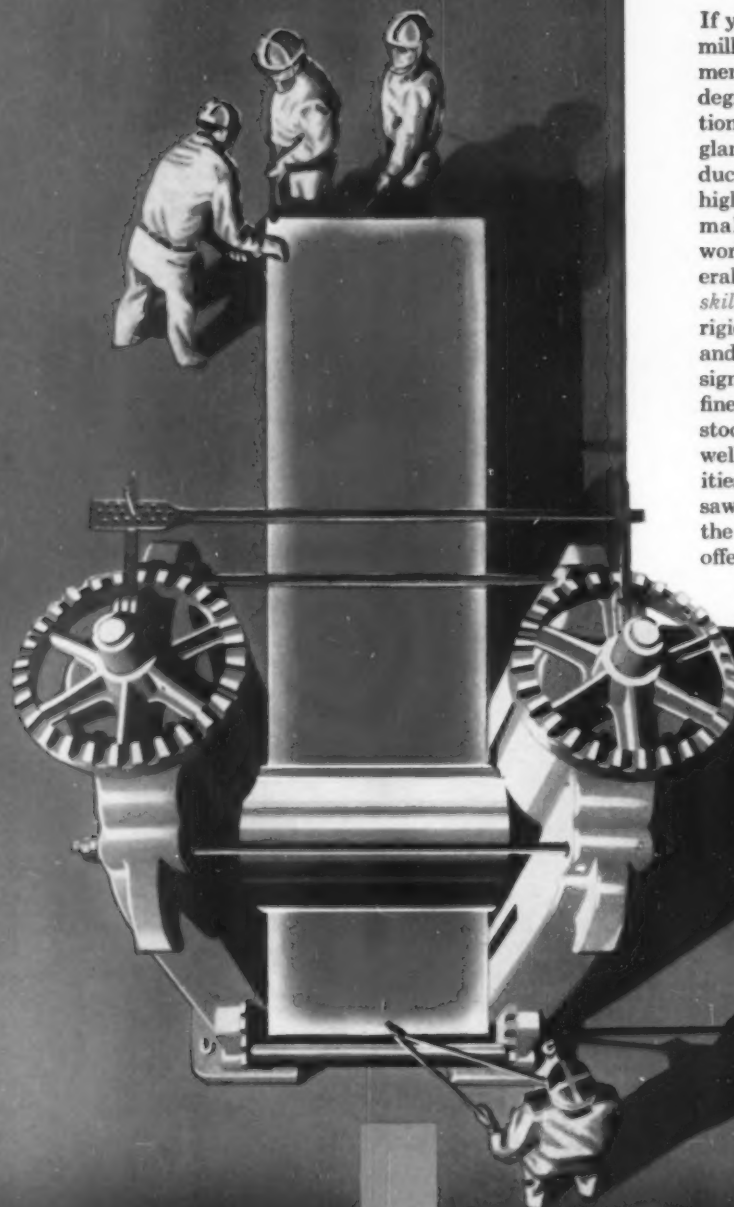


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not materialize. The pay-TV companies, say the nets, will be forced by economic considerations—and the desire for highest possible profits—to seek mass audiences with the same type of entertainment currently seen on regular TV. What the nets fear is this: That with its potentially greater revenue, toll-TV will lure away popular performers from regular TV. This would hurt the nets, of course, and gradually force the public to pay to see the same type of shows, such as spectaculars and popular comedies, it now gets free.

• **For a Test**—Pay-TV companies have got a sympathetic response from many quarters—including members of Congress—to their appeal for a test of their claims. "Let the public decide whether it wants pay-TV or not," they say. Others argue, however, that tests wouldn't demonstrate whether pay-TV is in the public interest.

One of the most articulate pay-TV foes, Columbia Broadcasting System Pres. Frank Stanton, told a meeting in Chicago this week that a trial of pay-TV, if it is "properly circumscribed so that it will in fact test the broad claims of the pay-TV proponents . . . will expose the fallacy of these claims and put this monster to rest once and for all."

• **Fact-Finding**—Actually very little is known about the size audience pay-TV could command. Surveys vary, depending on who takes them. Skiatron ran public demonstrations in New York several years ago, and asked reactions. One finding—93% of its audience would be willing to pay to see "outstanding programs of types not otherwise available."

A survey last year by Alfred Politz Research, Inc. for Look Magazine indicates that the type of show preferred depends on the fee. If shows were free, those answering ranked them in this order of interest: variety shows, a new movie, a World Series game. For a 50¢ fee, the order of preference was a World Series game, a variety show, a Broadway play. Raise the ante to \$1, and the World Series still led, followed by a heavyweight boxing title match and a variety show. Ballets, operas, and educational shows were hardly in the running. The survey concluded that a fee might scare off viewers for some kinds of shows, but a substantial number would pay to see shows of their choice.

• **Ready, Set**—As the day approaches for an FCC decision, several pay-TV companies are like men down on one knee waiting for the signal to dash away, but uncertain which way to run. Zenith and Skiatron, both electronics companies chiefly interested in selling equipment, do not plan to get into actual pay-TV operations.

Skiatron several years ago made an arrangement with Skiatron TV Corp., a separate outfit formed and headed by



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Matthew Fox, ex-movie man active in TV feature film distribution. Skiatron TV will handle all pay-TV operations, including programs and promotion. Skiatron Electronics, in which Fox is a stockholder, will provide equipment, take 5% of Skiatron TV's gross.

Zenith "won't speculate on its plans," though one official said: "If FCC acts, there will be a lot of fast movement." Zenith would work through outside companies.

• **Knotty Questions**—Some of the vagueness in plans springs from uncertainty about what FCC will do. There's even a big question whether FCC has authority to permit TV channels to be used for pay-TV, and the agency may yet ask Congress to clear up this point.

In setting up tests, or later in final authorization, FCC must find answers to many knotty questions. For example, should a station be limited in the number of hours it may devote to pay-TV, and if so, how many? Should pay-TV be limited to certain size markets? How far can FCC go in regulating rates charged by stations or operators?

Costs, too, depend a good deal on FCC rules. Estimates on program charges range from 25¢ to \$1, on installing decoders in homes from \$25 to \$40.

• **Who's Ahead?**—The wired systems—with theater exhibitors tied in and some movie producers smiling their way—seem to have an edge on immediate program fare, first-run movies. And judging by success of some older features on TV, first-run movies will likely be an important element in pay-TV.

But the scrambled system spokesmen argue that the cost of wiring in thousands of homes is prohibitively expensive. They see wired pay-TV confined to smaller towns, say problems would be tremendous in a big city like New York, where all transmission lines must be buried.

Milton J. Shapp, head of Jerrold Electronics Corp., maker of equipment for the wired systems, denies these are more costly. He puts installation costs at about \$3,000 per mile, which would take in a lot of homes in a concentrated urban location. Shapp insists that a test of the scrambled systems "will lay the biggest scrambled egg" in industrial history.

• **Coming Test**—Many eyes are on Bartlesville (Okla.), where a theater exhibitor, Video Independent Theaters, with the help of Jerrold Electronics, is wiring the town for a full-fledged test of wired pay-TV—called Home Theater—this summer. Subscribers will pay \$9.50 a month for 13 first-run movies—from several major Hollywood studios, the operators say. Since Bartlesville has affiliates of the three networks, the results will be looked into closely. **END**

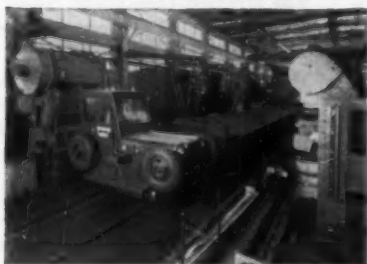


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MANUFACTURERS OF CRANES, TRAMBEAM HANDLING SYSTEMS, TRACKMOBILE, FOUNDRY, RAILROAD AND CHEMICAL PROCESSING EQUIPMENT



**SEND FOR**  
"7 Steps To Lower Costs",  
an illustrated performance  
report on Trackmobile  
at Verson.



*3 moves a day make it pay*



## Prize-winning cafeteria selects **GOODFORM** aluminum chairs for solid comfort...enduring beauty

The beautiful cafeteria shown above is equipped, like so many leading hotels, clubs, industrial cafeterias and dining rooms, with Goodform aluminum chairs. Their eye-catching black anodized frames and pure white upholstery blend harmoniously with the modern decor to create an atmosphere of friendliness and relaxation.

But that's not all.

**GUESTS LIKE THEM.** No other chair offers Goodform's exceptional comfort. Here's handsome appearance built around a core of comfort.

**OWNERS LIKE THEM.** There is a Goodform to complement every decorating scheme. With a choice of plain or color-anodized aluminum frames and an unlimited selection of textures—both plastic and cord—in a wide range of harmonious color tones, you are certain to find the right chair for every need.

**THEY'RE A BETTER INVESTMENT.** Ordinary aluminum chairs are made from heat-treated sheets which are actually weakened by forming and welding. Not so with Goodform; they're heat treated *after* the frame is com-

pletely fabricated for extra hardness and strength throughout. Their satin-smooth anodized finish and modern upholstery materials minimize maintenance . . . and their extremely light weight means faster, easier handling. Yes, there are many reasons why Goodform chairs serve better, longer, at lower cost.

Before you buy, be sure to see the entire line of Goodform aluminum chairs at your nearby GF dealer or branch office. Or write The General Fireproofing Company, Dept. B-80, Youngstown 1, Ohio.

MODE-MAKER, GENERALAIRE, 1600 LINE DESKS • GOODFORM ALUMINUM CHAIRS  
SUPER-FILER MECHANIZED FILING EQUIPMENT • GF ADJUSTABLE STEEL SHELVING

**GF** metal business furniture is a **GOOD** investment

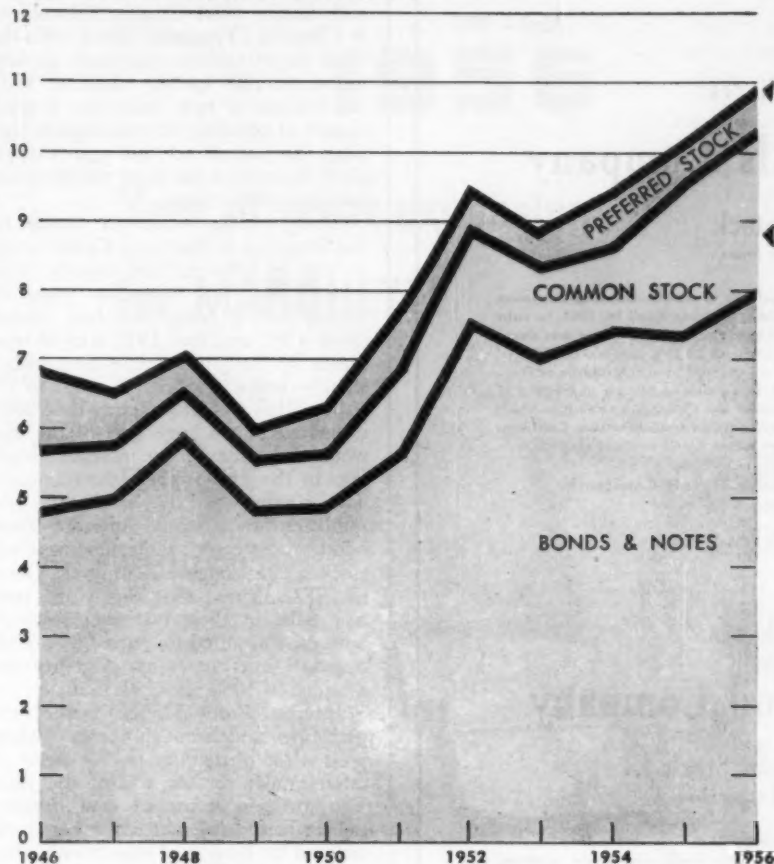


**GENERAL  
FIREPROOFING**

*Foremost in Metal Business Furniture*

## FINANCE

Yearly Corporate Financing Totals (Billions of Dollars)



Data: Securities & Exchange Commission.

IN 1957 . . .

←...TOTAL NEW ISSUES promise to equal 1956's record . . .

←...and COMMON OFFERINGS should continue their rise in importance

# Financing Plans Hold Firm

Volume of new issues is still hitting a record level in face of fears over Fed's tight money policy. The general expectation is that last year's pace will be maintained through 1957.

**W**HEN THE Federal Reserve Board embarked on its anti-inflation program of tighter money, there was a lot of talk that corporate financing plans would be adversely affected. But up to now the figures have stubbornly refused to bear out the glum predictions; corporate security offerings have continued to set a bustling pace.

Of course, money rates have climbed to their highest point in more than 25 years since the Fed began its move. And many Streeters blame the Fed for the stock market's more sober price trend. Those two factors together may have caused some financing plans to be delayed or canceled. There's also the fact that tight money probably has borne down harder on the financing plans of small business than on the programs of

large companies whose security issues attract public attention.

But, over-all, the new corporate security offerings have actually stepped up their volume (chart). Last year's record total inched close to \$11-billion, a chubby 7% above 1955, and also above far-off and gaudy 1929.

One reason that companies are going to the long-term corporate market is in order to pay off short-term bank loans. In fact, the rise in new corporate offerings has been more than matched by the drop in commercial and industrial bank loans during the first quarter. And increased demand for long-term money has been satisfied mainly because investors diverted funds from mortgages to higher yielding corporate bonds.

• **Still Going**—The upward trend shows

every sign of continuing. Preliminary figures for the first quarter show new issues of bonds, notes, and stocks are ahead of the year-before period.

One private compilation indicates that first-quarter public offerings of utility bonds were well over \$850-million, more than tripling the 1956 period—with massive help from AT&T's \$250-million debenture offering last month. Public offerings of industrial bonds for the quarter were \$350-million, compared with \$250-million a year earlier. Railroad issues—mainly equipment trusts—reached \$135-million, against \$90-million in 1956.

Stock offerings to the public were the only type of financing that gives the appearance of a fall—\$150-million in first-quarter 1957 compared to \$250-million the year before. But even this fall is somewhat illusory, for it fails to include the increasing trend to offer new shares directly to the company's stockholders. The whole stock picture is changed radi-



*This announcement is not an offer of securities for sale or a solicitation of an offer to buy securities.*

April 3, 1957

914,078 Shares

## Reynolds Metals Company

### Common Stock

Par Value \$1 per Share

Reynolds Metals Company has issued to holders of its outstanding Common Stock transferable warrants evidencing rights, expiring April 16, 1957, to subscribe for these shares, at the price set forth below and at the rate of one share for each 11 shares held, all as more fully set forth in the prospectus. United States Foil Company and Reynolds Corporation, who as stockholders of Reynolds Metals Company will receive rights to subscribe for an aggregate of 463,212 shares of Common Stock, have advised the Company that it is their intention to exercise such rights. Such shares are not underwritten. Common Stock may be offered by the underwriters as set forth in the prospectus.

Subscription Price for Reynolds Metals Company  
Common Stock

\$42 per share

746,270 Shares

## United States Foil Company

### Class B Common Stock

Non Voting—Par Value \$1 per Share

United States Foil Company has issued to holders of its outstanding Class A and Class B Common Stock transferable warrants evidencing rights, expiring April 16, 1957, to subscribe for these shares at the price set forth below and at the rate of one share for each 7 shares held, all as more fully set forth in the prospectus. Reynolds Corporation, who as a stockholder of United States Foil Company will receive rights to subscribe for an aggregate of 45,196 shares of Class B Common Stock, has advised the Company that it is its intention to exercise such rights. Such shares are not underwritten. Common Stock may be offered by the underwriters as set forth in the prospectus.

Subscription Price for United States Foil Company  
Class B Common Stock

\$28 per share

*Copies of the applicable prospectus may be obtained from such of the under-  
signed (who are among the underwriters named in the prospectuses) as  
may legally offer these securities under applicable securities laws.*

Dillon, Read & Co. Inc.

Reynolds & Co., Inc.

Blyth & Co., Inc. Eastman Dillon, Union Securities & Co. Goldman, Sachs & Co.

Harriman Ripley & Co. Kidder, Peabody & Co. Lazard Frères & Co.

Lehman Brothers Incorporated Merrill Lynch, Pierce, Fenner & Beane Smith, Barney & Co.

Stone & Webster Securities Corporation White, Weld & Co.

cally if you add in such hefty 1957 common stock offerings direct to shareholders as Socony Mobil Oil Co.'s \$200-million, Anaconda Co.'s \$85-million, and Armco Steel Corp.'s \$61-million.

• **Cheerful Prospects**—Most of the Wall Street underwriting trade appears to believe that for the whole of 1957 the volume of new issues has a good chance of equaling, or even slightly topping, the record set last year—though all of them stress the many uncertainties inherent in the times.

These hopeful views are shared by the Securities & Exchange Commission, at least on balance. Last month, SEC figured that the expansion plans of manufacturing companies had slowed down a bit, and that 1957 sales of new bonds by the group might drop rather sharply below 1956 (BW—Mar. 30 '57, p106). However, at the same time SEC estimated that a large part of the loss would be made up by increased stock sales by the same sector of the economy. The commission also predicted that public utilities would increase their bond sales steeply, while holding their stock sales at roughly 1956 levels. Overall, SEC figured that this year's new issue sales by these two groups—which last year accounted for three-fifths of all corporate offerings—might together run as much as 10% ahead of 1956.

• **Interest Rates**—Money market experts are understandably cagey when pressed for predictions on the trend of interest rates for the rest of the year. The situation is packed with hard-to-foresee factors, of which the corporate demand for long-term loans is only one. Among the others are:

- The extent of corporate craving for short-term bank loans.

- The new money demands of the tax-exempt municipal bond market—where borrowings in the first quarter hit a record-smashing \$1.7-billion.

- The federal government's new money needs.

- The demand for mortgage money.

- The future money policies of the Fed.

The Wall Street consensus on money rate prospects seems pretty well to echo the words of Girard L. Spencer, partner in the old-line underwriting house of Salomon Bros. & Hutzler, who went out on a limb with some public predictions on "The 1957 Supply of and the Demand for Investment Funds." Spencer concluded with these words:

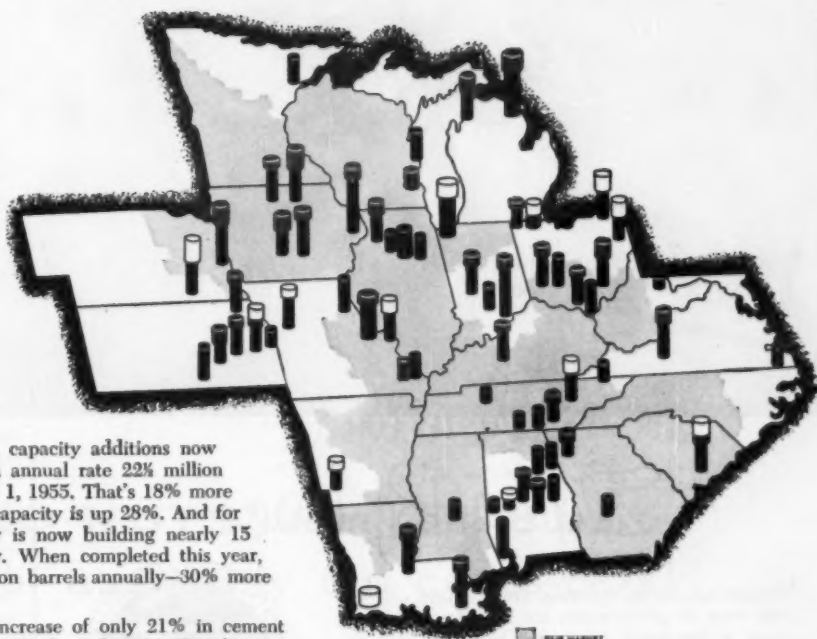
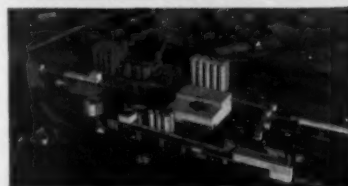
"Based on our current estimates, there will be a deficiency in the supply of new long-term capital in 1957, but a deficiency somewhat smaller than in recent years—in fact, only about 4.7% of the estimated total uses. This could signify that borrowers may have less difficulty in obtaining their needs in the capital markets in 1957 than was the

# 1956

## Year of great expansion for MARQUETTE and the cement industry

New 1½ million barrel Marquette plants are now operating at Milwaukee, Wis. (top), and Cape Girardeau, Mo.

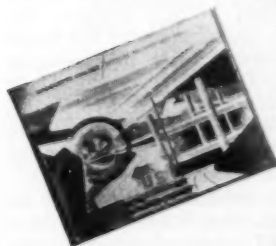
In addition, Marquette's Des Moines, Ia. plant capacity was increased 400 thousand barrels in 1956.



In our 18-state market, capacity additions now operating are producing at an annual rate 22% million barrels higher than on January 1, 1955. That's 18% more cement per year. Marquette's capacity is up 28%. And for this same market the industry is now building nearly 15 million barrels **more** capacity. When completed this year, total capacity will be 160 million barrels annually—30% more than at the start of 1955.

In contrast, we project an increase of only 21% in cement use from 1955 through 1961. For the current year, the increase over 1955 is estimated at 9%. **On this basis there should be no more cement shortages in our market as a whole.**

These and other important facts are expanded upon in our 1956 annual report, which we will be pleased to send on request.



### FINANCIAL HIGHLIGHTS

	1956	1955
Net Sales .....	\$43,558,363	\$39,264,050
Net Income .....	7,376,467	6,114,674
Earned per common share .....	2.74	2.26
Common shares .....	2,625,000	2,625,000
Common Dividends		
Total for the year .....	1.30	1.08
Annual rate at year end .....	1.40	1.20

## MARQUETTE Cement MANUFACTURING COMPANY

Operating ten cement producing plants in Illinois, Iowa, Ohio, Missouri, Tennessee, Mississippi, Georgia and Wisconsin.

**Annual capacity now 16,500,000 barrels**

EXECUTIVE OFFICES • 20 NORTH WACKER DRIVE • CHICAGO 6, ILLINOIS

# Leave A "Permanent Calling Card"

A PLANT IS WELCOME IN EVERY OFFICE



Say it with  
Flowers-By-Wire

Thoughtfulness in business always pays off. The next time congratulations are in order, send your client a handsome plant for his office. It's the kind of *permanent* gift that serves as a year 'round reminder of you personally and the product or service you offer. Plants need little attention; stay fresh indefinitely.

It's so easy to Wire Flowers



**FAST!** Ask your secretary to call your F.T.D. Florist. Order is on its way in minutes.



**WORLD-WIDE SERVICE!** 20,000 F.T.D.-INTERFLORA Members deliver in a matter of hours.



**GUARANTEED DELIVERY!** No worries about your gift "getting there". Delivery is fully assured.



Florists' Telegraph Delivery Association



case during 1955 and 1956. It is possible that at times during the year available funds may equal or temporarily exceed demand.

"Since the flow of investment funds and the demand for their use is only rarely evenly matched, it is logical to expect periods of comparative strain as well as ease in the long-term markets in the months ahead. However, the outlook for 1957 as a whole is that there will be only minor changes in the basic level of long-term interest rates."

• **Seizing the Moment**—What this adds up to is that treasurers and financial vice-presidents are going to have to keep close and daily tabs on the new issues market in order to launch their own offerings as cheaply as possible.

That this best possible moment can be picked successfully was proved by AT&T's fiscal managers. Early in the year, most money market experts predicted that Mother Bell's \$250-million debenture offering would have to be priced to yield 4.40%—or even 4½%—to ensure proper distribution.

But AT&T refused to rush its "little pig" to market. It waited to ask for bids until late in March, after the bond market for weeks had been showing signs of firmer prices. When the bids were sought, two massive investment banking syndicates competed, both sharpening their pencils to an exceedingly fine point—so fine that both bidders specified a 4½% coupon, and the winning bid of 100.5399% of par was only 12¢ per \$1,000 bond higher than the loser.

• **Cut Too Close**—What happened after the bid was awarded indicates that other companies may find it hard to turn the trick so neatly as AT&T. The winning group had felt so sure of the market that it offered the bonds to the public at 101.21% of par, or a yield basis of 4.30%. But this confidence has not proved well founded, at least up to now. Despite a much publicized initial rush of buyers—including many big pension funds—and the early closing of the subscription books, plenty of the bonds were still unsold early this week—as much as 10% or 20% of the whole issue, according to rumor. As a result, over-the-counter bids for the bonds are running at 100½% of par, virtually what they cost the underwriters.

It's quite possible, though by no means certain, that this sour experience of the AT&T syndicate may raise the antes in future competitive bidding by underwriters to more "realistic" levels. This possibility is stressed by the huge amount of new offerings now overhanging the market. The *Investment Dealers' Digest*, a trade publication, says that offering dates have already been set for \$980-million in new bond and preferred stock issues, with another \$750-million nearing the offering stage.

• **Stocks in Sight**—In this connection,





**Engineered by Tinnerman...**

## **4 SPEED NUTS® eliminate 8 parts in resistor assembly, cut costs 50%!**

Tremendous assembly savings are often possible when Tinnerman SPEED NUTS are "designed into" new products. This is an example: Corning Glass Works, Corning, New York, adopted 4 special SPEED NUT brand fasteners and cut assembly costs on new power-type glass resistors by 50%!

Assembling power resistors is normally a slow and complex operation. Yet a pair of one-piece, spring-steel SPEED NUT angle brackets eliminated 4 of the 9 parts required by another fastening method and cut assembly time to a few seconds!

These corrosion-resistant, vibration-proof fasteners hold the resistor under live spring tension to avoid mechanical shock. Locating washers, lock washers and nuts are eliminated. Also, one-piece SPEED CLAMPS® that double as terminal bands eliminate 2 lock washers and 2 nuts.

SPEED NUTS permit maximum assembly savings on new products, but you can probably make worthwhile savings *right now* on current products.

Over 8000 types available. See your Tinnerman representative or write for Bulletin 333-1.

**TINNERMAN PRODUCTS, INC.**  
BOX 6688 • DEPT. 12 • CLEVELAND 1, OHIO

**TINNERMAN**

*Speed Nuts®*



**FASTEST THING IN FASTENINGS®**



New Gaylord box developments are well worth the attention of your entire management committee.

## ARE YOUR BOXES 1957 MODELS?



CORRUGATED AND  
SOLID FIBRE BOXES • FOLDING CARTONS  
KRAFT PAPER AND SPECIALTIES  
KRAFT BAGS AND SACKS

*How long since you've reviewed your boxes? Packaging development moves fast. Boxes can become "dated" in just a few years.*

*Gaylord is constantly developing new protective designs, using new specialized materials, new engineering techniques, new box-making methods, new printing ideas.*

*Your nearby Gaylord packaging engineer will help you update your boxes... make them work harder, look handsomer, pay off better for you. Call him now.*

GAYLORD CONTAINER CORPORATION • ST. LOUIS

DIVISION OF CROWN ZELLERBACH CORPORATION

it's well to remember the substantial offerings of new preferred and common stocks that are in the offing. Of course, many of these won't compete with the blue chip bonds, since they appeal to a different type of investor and will frequently be offered first to stockholders, rather than to the public. But the stocks will still sop up a great deal of investible cash, since the expected flood of issues including some king-size offerings as well as a welter of smaller fry. Among the sizable offerings are: Reynolds Metals, \$38-million of new common; U. S. Foil, \$21-million; Babcock & Wilcox, \$19-million.

## No. 1—For Now

**First National City grabs New York's top bank ranking from Chase Manhattan—but it may not last.**

Earnings of the nation's commercial banks were up sharply for the first quarter of this year—some as much as 24%. But what intrigues New York bankers, at least, in the first-quarter reports is First National City Bank's overtaking of Chase Manhattan Bank in total deposits.

Chase Manhattan, which usually ranks as the nation's second largest and New York's biggest bank, dropped a peg in rating in the first quarter. First National City, long-time runner-up, now rules the roost in New York, and nationally is junior only to the West Coast's giant Bank of America.

• **No Hurrahs**—Ordinarily, such a switch would be accompanied by a flurry of proud boasts and a few excuses—depending, naturally, on which bank is talking. But oddly enough, neither Chase Manhattan nor First National City is willing to comment on the turn-about. The reason, perhaps, is that the sudden surge of deposits in First National City's coffers will probably last only about six months to a year.

Behind its temporary bulge is a change in policy by Venezuela in bidding procedures for oil exploration and exploitation rights, or "concessions"—and the fact that First National City operates three branches in Venezuela.

• **Bids and Deposits**—Broadly speaking, before Venezuela will formally accept bids, it now requires proof by winning bidders that they have enough money to back up the bids.

The proof must be in the form of a guarantee from the Central Bank of Venezuela that the proper sum is deposited in the name of the Venezuelan government, all ready for formal payment. In practice, the money may be placed either in the Central Bank or in

# There are sound business reasons for *Background Music*

In factories and offices music relieves tension, minimizes fatigue, increases production. In stores and shops music creates a friendly atmosphere, puts people in a mood to buy.

Your business can enjoy these acknowledged benefits easily and economically with a Seeburg Background Music System. That's because it makes no difference where your business is located. If electricity is available, so is Seeburg Music.

**The Seeburg Plan** provides for supplying all the high fidelity equipment—the remarkable Select-O-Matic (with a capacity of 600 selections on 45 RPM records), microphone and speakers—under a lease-purchase agreement whereby nominal monthly payments apply toward your eventual ownership.

**The Seeburg Music** is scientifically programmed for background music use. A small monthly fee includes replacement of 150 selections per month and all ASCAP/BMI performance fees.



in factories



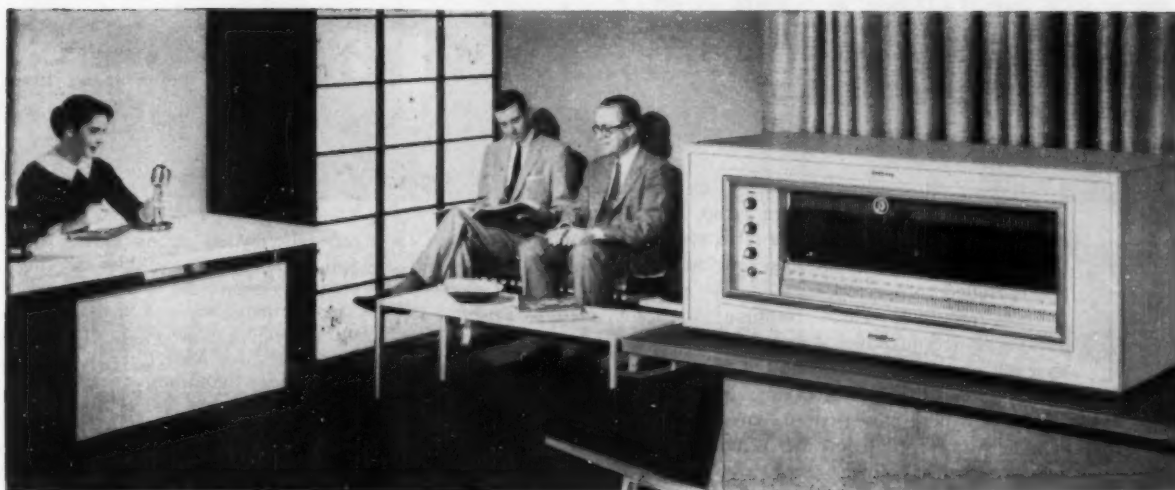
in banks, offices, S. & L. assn's



in stores, shopping centers



in clubs, hotels, fraternities



Completely Automatic, The Select-O-Matic is furnished as the Library Unit (as shown) or as the Custom Unit for built-in installations. The paging and announcement microphone adds great utility at no extra cost. **Mail the coupon.**

## **SEEBURG** *Background Music Service*

J. P. Seeburg, Chicago 22, Illinois  
A Division of Fort Pitt Industries, Incorporated

SEEBURG MUSIC LIBRARY, INC.

J. P. Seeburg, Dept. B, Chicago 22, Illinois  
Please send information on Seeburg Music systems  
Our facilities ( ) include a sound system  
( ) do not include a sound system

Name..... Position.....

Company.....

Address.....

City..... Zone... State.....





## 3 NEPTUNE METERS

## SYRUP PRODUCTION

*BOOST  
200%*

**I**T TAKES less than 30 seconds of this man's time to measure out three ingredients... corn syrup, liquid sugar and water... for a big batch of Nalley's table syrup. He now produces three times as much as five men previously did with bulk sugar and barrelled corn syrup.

Tools required: Three Neptune Auto-Stop meters. Push buttons to set quantity... open the valves... and the meters shut off automatically right on the dot.

This is one example of savings Neptune makes for industry... by providing closer control over more than 150 industrial liquids. And Neptune now means more than meters... as you'll see from the list below.

NEPTUNE METER COMPANY, 19 West 50th St., New York 20, N. Y.

**neptune**  
for a better measure of profit

DIVISIONS and	PRODUCTS
Neptune Meter Co., Neptune Meters, Ltd.	liquid meters
Revere Corporation of America	aircraft instruments & wire
Superior Meter Co.	gas meters
Cox & Stevens	electronic scales
Electronic Signal Co., Inc.	toll collection equipment

any one of a number of "designated" banks that do business in Venezuela.

• **On the Spot**—That's where First National City's three Venezuelan branches come in. Chase Manhattan has no branches in Venezuela, but does business through correspondent banks.

First National City Bank received the deposits made by some successful bidders to cover their bids. A bank official explains privately, "We're close to the Venezuelan government, and close to the oil companies. We just did some good business prospecting."

• **Melting Away**—But it doesn't take much more than two or three months between verbal notification of the successful bidder and actual payment to Venezuela. So before the year is out the New York bank deposit alignment will probably be back where it was originally.

## FINANCE BRIEFS

Odds against your dying in an atomic accident are 50-million to 1 in any given year, says Chmn. Lewis L. Strauss of the Atomic Energy Commission. Strauss, commenting on widely publicized accidents to nuclear reactors in the past year, points out that the odds are only 5,000 to 1 against being killed in an auto accident.

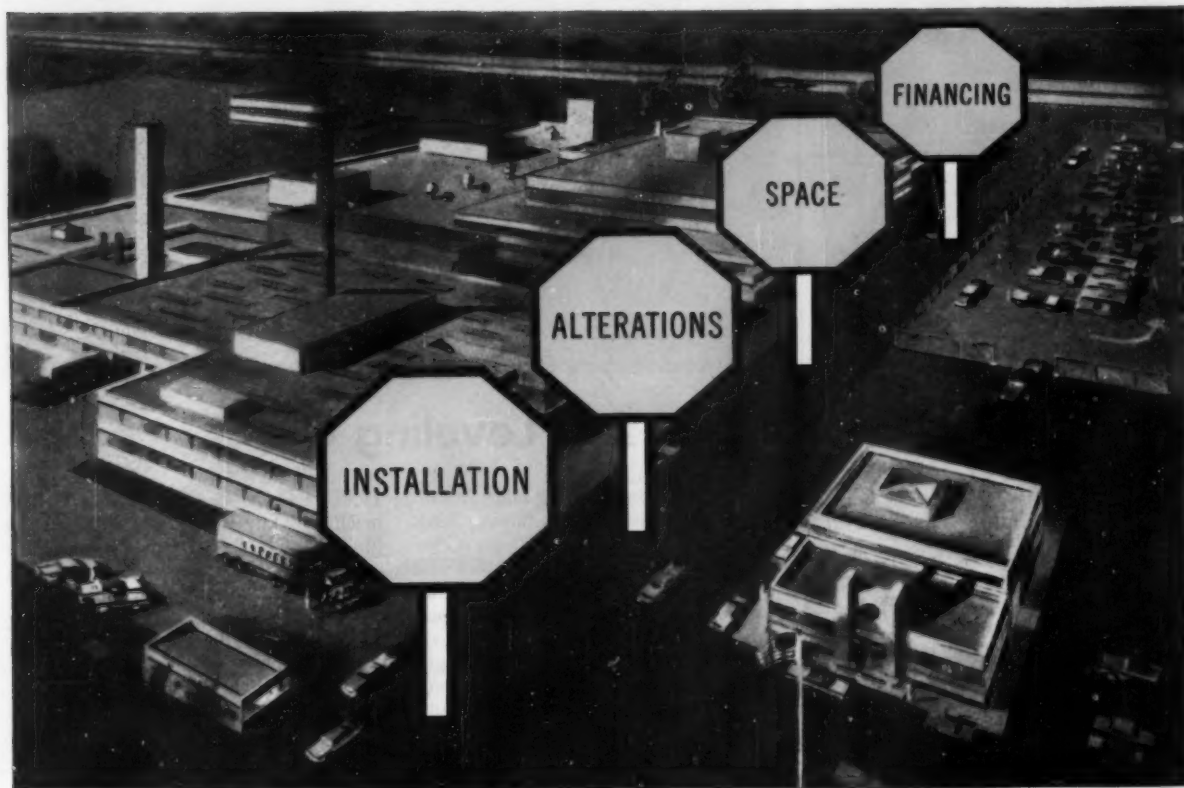
Second-quarter freight carloadings should show a slight bulge over the 1956 period, shippers predict. In the first quarter, carloadings ran 5% under the year-before period (BW-Mar.23 '57,p101).

United Artists Corp., the last of the privately owned major movie studios, will make its first public offering of securities before the end of this month. The company will put up for sale \$10-million of 6% convertible subordinated debentures due May 1, 1969, and 350,000 shares of common stocks at around \$20 a share.

U.S. Hoffman Machinery Corp. this week laid to rest, at least temporarily, the Wall Street gossip that Hyman Marcus, chairman and president, would resign (BW-Mar.16'57,p144). It announced that Marcus was still chairman, though he had relinquished his duties as president and chief executive officer to Charles E. Stahl, Jr., vice-president of Westchester's County Trust Co.

Swiss financial institutions are violating U.S. securities registration and anti-fraud laws, according to SEC Chmn. J. Sinclair Armstrong, in a letter to the Senate Internal Security subcommittee. Armstrong wrote that SEC is investigating three 1956 transactions involving Swiss trusts.

**Don't let these problems  
stop you from air conditioning now!**



**General Electric Experience and**  
**ZONE-BY-ZONE AIR CONDITIONING**  
**meet every industry's needs**

Now General Electric enables you to air-condition your entire plant or office without installation upset—with flexible zone control—through compact units that use no essential space, create no maintenance difficulties.

You install units Zone-by-Zone—air condition one zone at a time. No stoppages, shutdowns or major alterations. No heavy initial outlay, either—and up to 3 years per unit to pay. For large installations, longer, more flexible terms may be arranged. Your General Electric Contractor will help you work out a financing plan.

Each General Electric unit is individually operated—to cool only the areas you want, when you want, to the degree you want. Temperature adjusted locally to meet requirements in different work centers. Servicing of one unit in no way affects operation of the others.

Even space ceases to be a factor. Ceiling-mounted units use no floor space—floor-mounted units may be stationed away from areas being served.

General Electric warranty covers parts and labor on vital sealed cooling system for five years. Ask your consulting engineer to contact a General Electric Contractor about Zone-by-Zone Air Conditioning in your plant. General Electric Commercial and Industrial Air Conditioning Department, Bloomfield, New Jersey.

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## A Man Nobody Wants

This one is always on the move but never on the go. His movement is aided by lead, well placed immediately above the seat of the swing. On the wall of his office is a large sampler lovingly embroidered: "Home, Sweet Home." That is his personal creed and he keeps trying to get the whole company to adopt it.

As his orbit is unchanging, he will never find Rogers. But Rogers will not brood over his continued absence.

For Rogers serves engineers — those men who swoop purposefully across the heavens, searching the stars for new points of reference. An ever-growing body of such men is finding Rogers a dependable ray of light in terms of engineered materials — special formulations as different and daring as the ideas that engendered them.

Samples — and both down-to-earth and up-in-the-clouds literature — will be sent to any engineer. Please let us have your name and address.

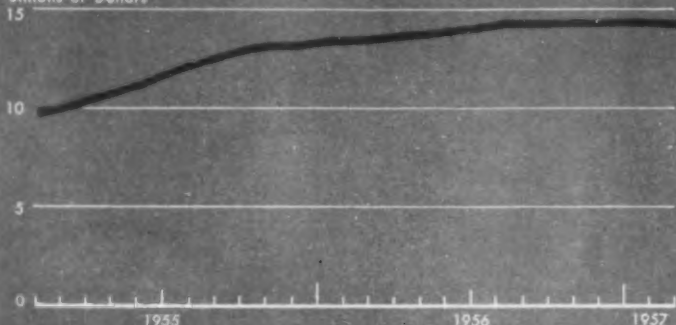
**ROGERS**  
CORPORATION  
ROGERS, CONNECTICUT

Duroids • Shoe Materials • Electrical Insulation  
Plastics • Rubber • Fabricating • Development

## CHARTS OF THE WEEK

### Auto Installment Credit

Billions of Dollars



Data: Federal Reserve Board.

### Loans Are Leveling Off

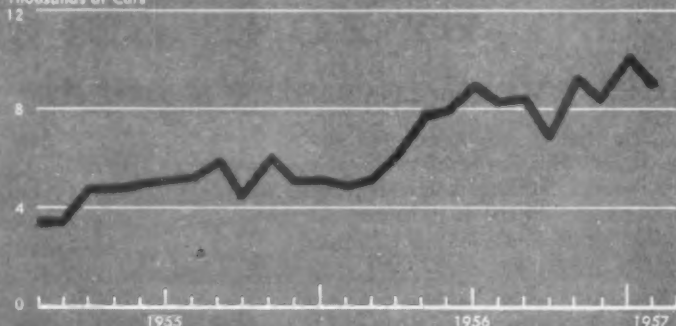
Reflecting disappointing sales, installment credit extended for buying autos rose so slightly during February that the gain was almost imperceptible. The February total stood at \$14.4-billion, up a mere \$21-million. February's performance was a continuation of a six months' trend during which the auto installment loans curve has been flattening out. At the end of February, auto loans were about 1% below September,

1956, when the all-time high was reached. They were 6.2% higher than in February, 1956. But this increase compared with a 35% rise from February, 1955, to February, 1956.

Total installment credit outstanding at the end of February dropped \$65-million below the January level. It was 8% higher than February, 1956, compared with the previous February-to-February rise of 22%.

### Foreign Car Sales

Thousands of Cars



Data: R. L. Polk & Co.

### Imports Creep Up on Exports

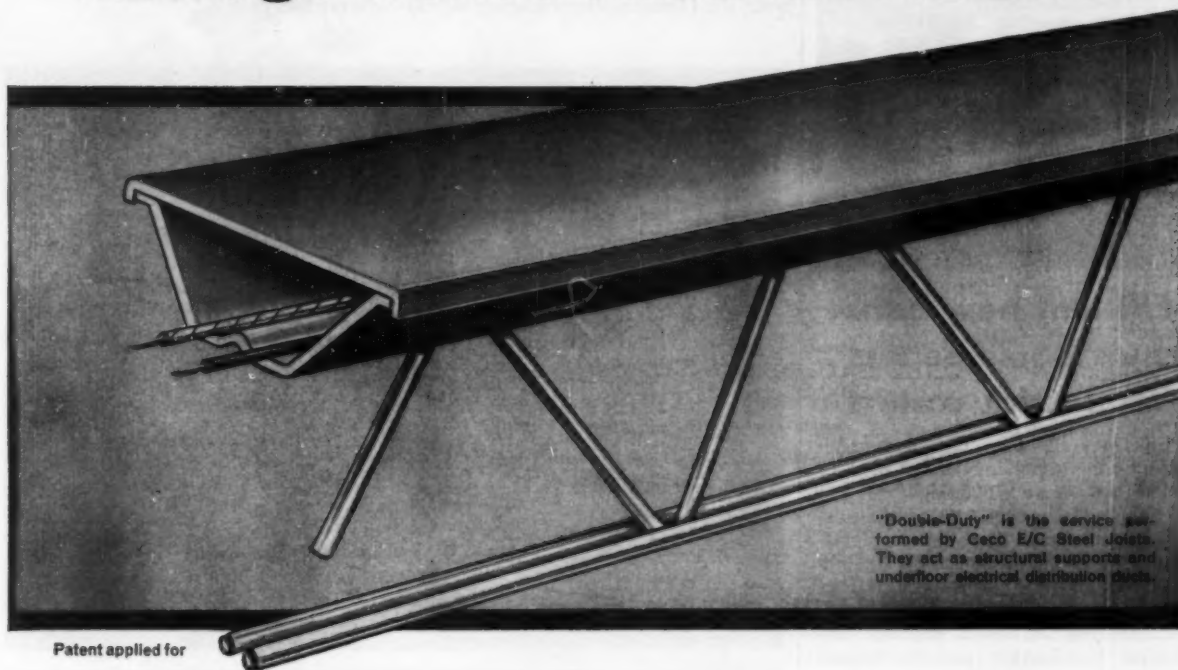
The sharp rise in foreign car sales in the U.S. made the imports a significant part of the total market here. Imports

ran to 107,000 cars in 1956 — up from 57,000 in 1955. And in 1957, probably for the first time in history, autos im-



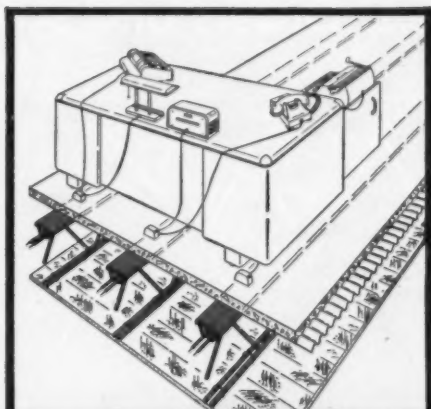
ELECTRICAL NERVES FOR BUILDINGS...

## Management's HIDDEN ASSET



"Double-Duty" is the service performed by Ceco E/C Steel Joists. They act as structural supports and underfloor electrical distribution ducts.

Patent applied for



Ceco E/C Steel Joists support the floor and serve "double-duty" as underfloor electrical channels. Wiring can be brought up through the floor any time during the life of the building.



### CECO'S New Exclusive Double-Duty Electro-Channel Steel Joists Save Building Time...Save Weight...Save Money, Too

"Nerves" can be an asset to business management—especially when they're *electrical* nerves that step up efficiency and pare costs. The tempo of modern business requires that structures be designed with electrical flexibility in mind... to allow easy locating of outlets for the increasing number of business machines.

And now flexibility is readily attained with Ceco's new exclusive Electro-Channel Steel Joist construction... a faster method... and at *lower cost than any other system*. Designed for "double-duty", Ceco's E/C Steel Joists function as both structural members and underfloor electrical distribution ducts.

They provide lightweight but strong floor framing... and they're immediately available. So ask your architect or write for details. *Ceco Steel Products Corporation. Offices, warehouses and fabricating plants in principal cities. General Offices: 5601 West 26th Street, Chicago 50, Illinois.*

IN CONSTRUCTION PRODUCTS CECO ENGINEERING MAKES THE BIG DIFFERENCE

STEEL JOISTS/STEELFORMS/CONCRETE REINFORCING/WINDOWS, SCREENS, DOORS/METAL LATH/ROOFING PRODUCTS



## Efficient new bank puts bookkeepers on Bassick casters

Efficiency and Bassick casters go together in the Republic National Bank of Dallas' new 40 story building.

Here in the fourth floor accounting, bookkeeping, mail and transit department, they're equipped to handle 290,000 individual items of business a day! Part of that equipment is the forest of business machines you see above. Both the mechanical bookkeepers and the human ones (in chairs) are on Bassick casters.

Bassick casters belong in a Merit-award-winning "Office of the Year" like this one. There are styles and sizes for every application. They roll and swivel easily and quietly. They protect floors. They give years of service with minimum maintenance.

Bassick truck casters give the same kind of performance in industrial applications. The grooved wheel caster shown below is a good example. Talk to a Bassick factory representative or distributor. 7.17

Bassick grooved wheel casters make for better utilization of floor space, protect floors, and provide efficient handling of heavy loads in assembly or shipping lines. Bassick grooved wheel casters are made to be used on inverted angle iron tracks, but they are also designed for use in direct contact with the floor.



THE BASSICK COMPANY  
Bridgeport 2, Conn.  
In Canada:  
Belleville, Ont.



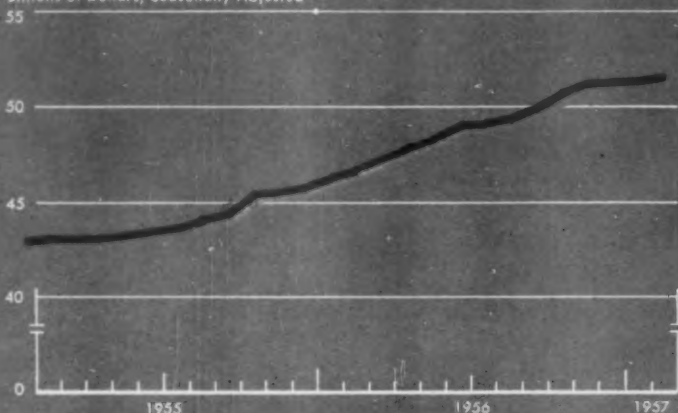
ported by the U.S. are expected to equal — and possibly exceed — the number exported. U.S. exports last year amounted to 156,000 cars.

West Germany is the leading foreign nation in the U.S. import picture. Last year, the Germans shipped nearly 60,000

cars to the U.S., compared with 35,000 in 1955. Most of these were Volkswagens. Over 50,000 were sold in the U.S. in 1956, and West Germany reportedly is planning to ship 100,000 or more Volkswagens to the U.S. market during this year.

## Manufacturers' Inventories

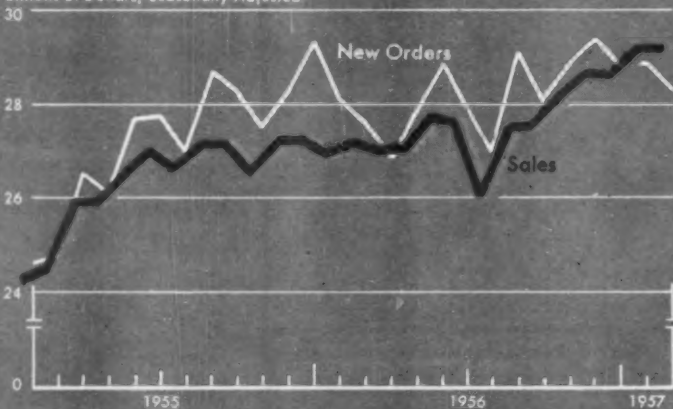
Billions of Dollars, Seasonally Adjusted



Data: Dept. of Commerce

## Manufacturers' Orders and Sales

Billions of Dollars, Seasonally Adjusted



Data: Dept. of Commerce

## Inventories Grow Fatter

Inventories held by manufacturers upset the seasonal pattern by increasing from January to February. On a seasonally adjusted basis, February inventories stood at a new high of \$51.8-billion — 10.4% above February, 1956.

At the same time, the value of manu-

facturers' new orders, after seasonal adjustment, declined to \$28.3-billion for the month. That's 1.7% below January, but 2.5% above February, 1956. But manufacturers' sales in February sustained their January peak of \$29.2-billion and order backlogs were reduced.



## Great Northern Log-istics

While we consider ourselves pretty handy at the job of transporting manufactured merchandise like television sets and washing machines, when it comes to moving billions of board feet of bulky lumber we really scintillate.

Great Northern serves some of the richest lumber producing areas in the continental United States—the vast forests of Ponderosa pine in northern California and Oregon, the Douglas fir stands of Oregon, Washington and Idaho, and the productive pine stretches of western Montana.

We're pleased to report that this business looks like a perpetually active one because the operators now follow the very best reforestation practices.

Commercial and industrial opportunities in the timber and lumber field are growing. *For information write: E. N. Duncan, Director, Industrial and Agricultural Development, Great Northern Railway, St. Paul 1, Minnesota.*

### Can You Tie This?

Great Northern itself is a tremendous user of forest products. In our own tie-treating plants, we processed 766,456 new ties in 1956. And by this time every one has found its place—as a replacement on the roadbed. Constant maintenance and repair of the railway is a Great Northern policy. It costs plenty, but in terms of efficient service to our shippers it's worth every cent. *For information on fast, modern freight movement write W. E. Nicholson, General Freight Traffic Mgr., Great Northern Railway, St. Paul 1, Minn.*



Offices in Principal Cities  
of U.S. and Canada

**Remember!** You go great when you go Great Northern—on the incomparable Empire Builder.

*For information or reservations write P. G. Holmes, Passenger Traffic Mgr., Great Northern Ry., St. Paul 1, Minn.*







## Senate Furor to the Contrary,

Oregon's metropolis straddles the Willamette River and commands startling views of snowy Mt. Hood (picture). Despite the Teamsters' best efforts to contribute to its delinquency, at heart the Rose City is a homebody earning its keep from lumber, distribution, and industry lured by cheap power. It's chagrined by the scandal.

**E**VERYWHERE ELSE the big news was Portland, Ore., and its involvement in the Senate's labor racket probe. In Portland the big news was smelt.

On the day that Dave Beck, the elusive Teamster boss, made his appearance before the investigating committee, the equally elusive smelt started their spring run up the Sandy River east of town.



## Portland's a Rose Among Cities

Portlanders by the hundreds, armed with improvised nets, choked traffic on the Columbia River Highway at Troutdale, Ore., in their rush for a swipe at the succulent little fish. And the Portland papers faithfully mirrored their readers' interest by giving the smelt page one play, including a sage word about the technique of dipnetting.

The two dailies didn't ignore Beck. Far from it. But their attention to the smelt run was an index of Portland's weariness of the racket news. To the 233,000 subscribers of the Oregonian, the city's morning paper, the news from Washington was largely a rehash of what they had read a year ago. It was anticlimax.

The people you meet in Portland are grieved at the implication that their city is run by a mob and infested with vice. One banker was shocked to receive a call from an Eastern investor who wanted to back a Portland enterprise but was stopped cold by the publicity.

The hard fact is that Portland is



**HARBOR** of Portland is busy with traffic such as log rafts for forest products plants, petroleum for distribution to all Northwest.

**(Story starts on page 98)**

about as clean a town as you can find. It is so irreproachably clean that the traveling man who likes a little action to relieve the tedium of working views his periodic visits to Portland with a sense of doom.

As one means of countering the

unpleasant publicity, the Lions Club threw a testimonial luncheon two weeks ago to honor illustrious native sons and daughters who have cut a national figure. The day after plans were announced, one of the honor guests, Mayor Terry D. Schrunk, leaped into the headlines by getting indicted on perjury and conspiracy charges.

Quite likely it was Portland's rectitude that attracted the Seattle racketeers who moved in. Here was a city with scarcely a trace of organized vice—a sitting target. With a few select public officials in their pocket, they could make a killing. And their scheme to assume control almost worked. They set up a plush call house with an im-





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"America's leading manufacturer of  
electrical distribution and control products"



**"Nationals save us 67% a year  
on our investment!"**

—SQUARE D COMPANY, Detroit, Michigan

"A network of 14 manufacturing and assembly plants in strategic U. S. markets, field engineering offices in 75 principal cities, and a nationwide distributor organization are all important segments in our program to provide customer service on a local level—to be easy to buy from.

"In this program, National Accounting Machines fulfill a very important function, by enabling us to carry on many decentralized operations and at the same time, providing the benefits of central accounts receivable

procedures in our main offices.

"Moreover, our National Accounting Machines return us 67% annually on our investment. In addition to more efficient posting, invoicing, and rendering statements made possible by Nationals, we find that the day-end summaries provided are helpful in maintaining various internal control policies."

*Henry Morgan*

Vice President Finance, SQUARE D COMPANY

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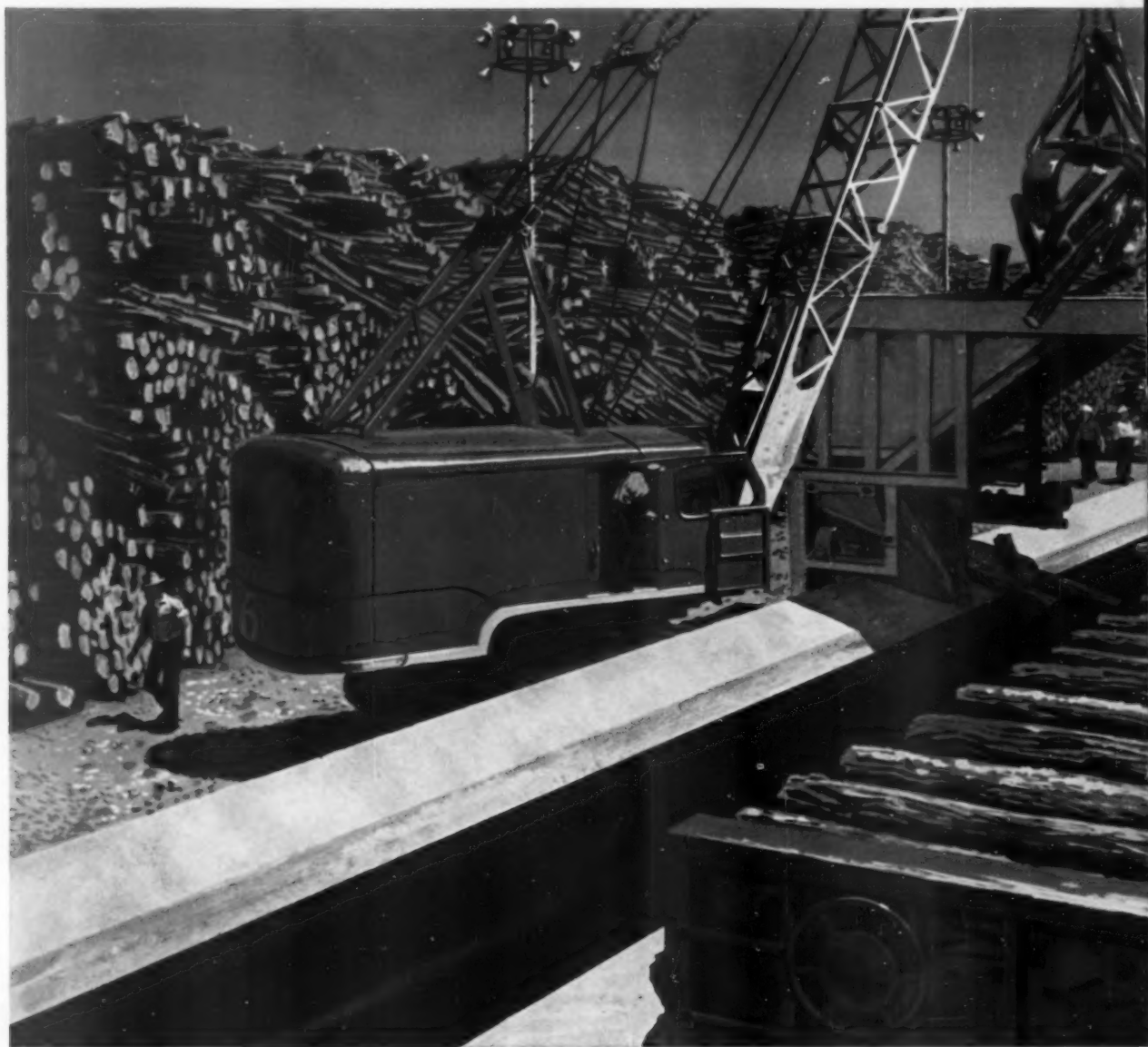
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Your nearby National representative  
will gladly show how much your business  
can save with Nationals.

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## Ever see a paper route

**When you invest \$25,000,000**, every move you make must be right. That's why engineers for a big, new Southeastern paper pulp mill decided to use belt conveyors wherever possible. They wanted literally to pave — *with rubber* — the route of the logs and chips — from woodyard to barkers to chippers to digestors or silos.

**Many were the advantages** over other handling systems. Compared to chain conveyors, rubber belts meant higher capacities, great savings in power, much lower maintenance and much less danger of shutdowns. Compared to flumes, they offered dry bark for use as fuel and eliminated silt removal and wear problems on water pumps and lines.

**But still there were questions** in some minds. For

instance, could a woodyard belt stand up under the constant battering of 150-pound logs — often dropped from heights of 15 to 20 feet? Could rubber withstand the attack of the pitch from the pine chips? For answers to these and other questions, the G.T.M. — Goodyear Technical Man — was called in.

**A special, impact-resistant belt** with plies of exclusive HD Nylon Fill Fabric and a Nylon breaker was the G.T.M.'s answer to the log belt problem. As further protection, he suggested rubber impact idlers be used under the loading section of the belt.

**Then the G.T.M. specified** chip belt covers of CHEMIGUM — the super-oil-resistant rubber — to combat the pitch and

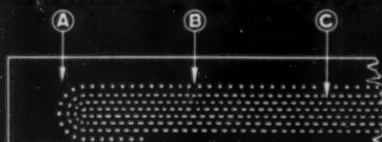


#### GOODYEAR INDUSTRIAL PRODUCTS



**-Specified**

**Impact-Resistant Log-Handling Belt**



**A** Stacker grade top and bottom covers for maximum abrasion-, cut- and gouge-resistance

**B** Horseshoe breaker strip of Nylon transverse cord for resistance to impact

**C** Multiple plies of HD Nylon Fill Fabric for greatly improved impact- and rip-resistance plus improved troughability and higher tensile strength

Chemigum - T. M. The Goodyear Tire & Rubber Company, Akron, Ohio

## paved with rubber?

wood resins which can quickly destroy ordinary belt covers. He also recommended the proper constructions for the bark belts and for the 6'-wide log-sorting belts.

**How well the rubber paper route worked** is best described by the continuous, beyond-expectation service rendered by the belts since installation in 1954. The G.T.M. and his conveyor belts may well hold a similar

solution to your bulk materials handling problems. Why not find out by contacting him, today, through your Goodyear Distributor, or Goodyear, Industrial Products Division, Akron 16, Ohio.

**IT'S SMART TO DO BUSINESS** with your Goodyear Distributor. He can give you fast, dependable service on Hose, V-Belts, Flat Belts and many other industrial rubber and nonrubber supplies. Look for him in the Yellow Pages under "Rubber Goods" or "Rubber Products."

See "THE GOODYEAR PLAYHOUSE" - TV - Sunday 9-10 E. S. T.

# GOOD YEAR

**THE GREATEST NAME IN RUBBER**



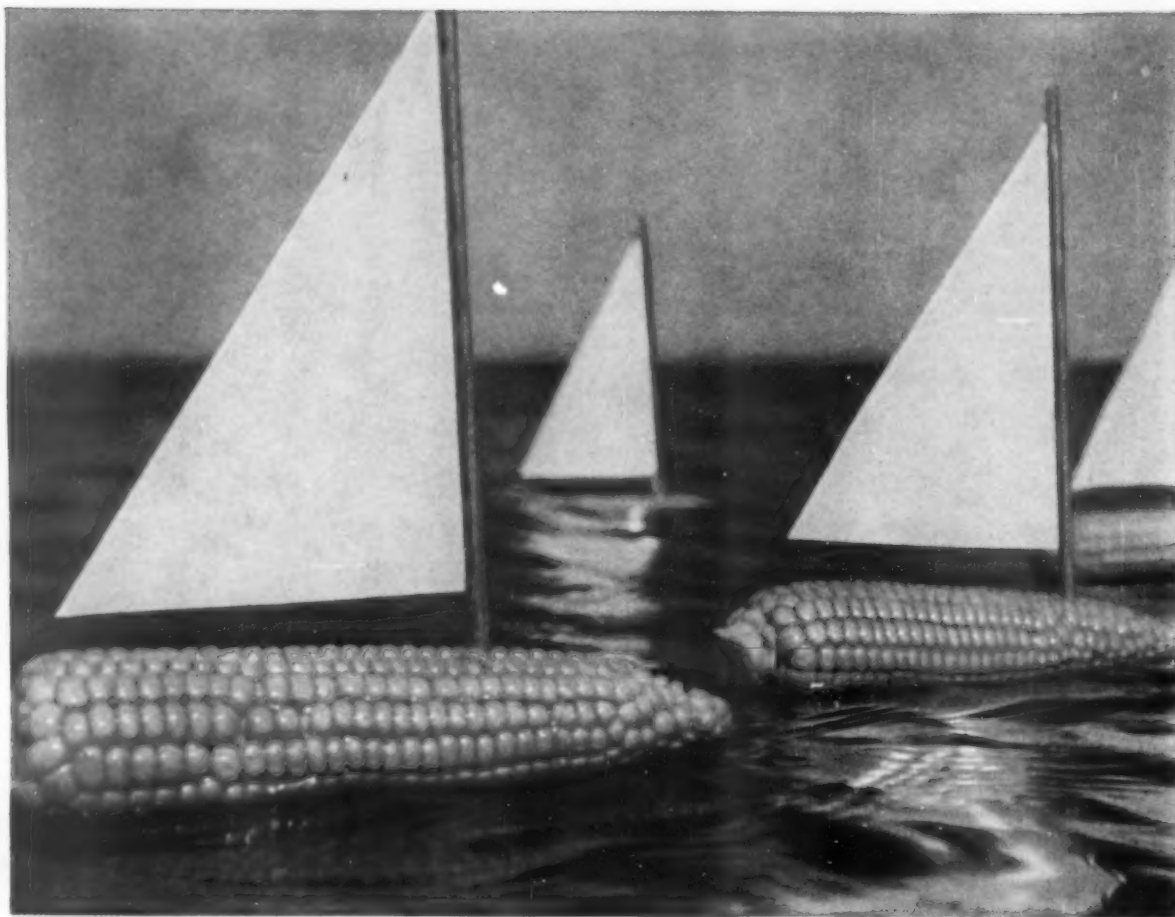


Illustration Courtesy of THE CHASE MANHATTAN BANK

## Setting sales for a \$5,000,000,000 voyage

The United States' corn crop in 1956 was more than half of the total world harvest. The yield, the second greatest in history, measured  $3\frac{1}{2}$  billion bushels priced at more than 5 billion dollars.

The value of this crop was more than twice that of wheat or cotton. It exceeded the value of all metal mining combined.

Wet millers like National extracted  $2\frac{1}{4}$  billion pounds of starch to meet 90% of our food and industrial starch requirements. The remaining 10% was obtained from rice, wheat, potatoes, sago palm and tapioca roots. Other wet millers also produced  $2\frac{3}{4}$  billion pounds of sugar and syrup from corn.

National, as a leading supplier to the paper, textile and food industries, is a major producer of starch specialties through chemistry—*a result of selective research and development.*

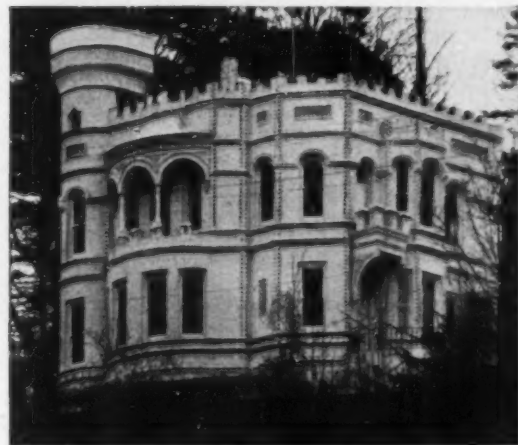
STARCHES **National** ADHESIVES  
RESYNS®

NATIONAL STARCH PRODUCTS INC., 270 MADISON AVE., NEW YORK 16, N. Y.



**FRAME HOUSES** are the rule among Portland's older dwellings because of the availability of cheap lumber.

**IMITATION CASTLE**, in Portland Heights, is extreme example of housing erected by the wealthy a few generations ago.



(Story starts on page 98)

ported madam and, through the Teamsters, organized the men who service and distribute pinball machines. Any tavern owner who lacked the union label on his machines faced a Teamster picket line that froze his liquor supply. Whether the mobsters actually controlled public officials now under indictment—the mayor (then sheriff), district attorney, and others—remains to be determined by judicial process.

The picket lines were there for all to see, and the addition of the call house to Portland's limited catalogue of noc-

turnal diversions was duly noted by at least its patrons—if not by the general public. But the ties between these operations and the Seattle-based syndicate were not so apparent.

### I. An Accidental Find

The Oregonian's reporters stumbled on the syndicate by accident. They were investigating the circumstances surrounding choice of a proposed site for Portland's \$8-million Exposition-Recreation Center. The trail led to James B. Elkins, a high-rolling gambler and familiar nightlife figure. There it took a surprising turn. Elkins was at

that very moment being squeezed out of the vice syndicate, and, disgruntled, he decided to spill the story. And he backed it up with tape recordings that were to rock the city to its foundations.

After much soul-searching and consultation with his editors and reporters, Oregonian publisher Michael J. Frey decided to shoot the works. The first in a series of strikes broke just one year ago (Apr. 19, 1956).

• **Municipal Hangover**—Today the story is old hat in Portland—or, at best, old hat with Washington trimmings. The pinball machines, outlawed, are gone. The disenchanted madam has departed. The Runyonesque characters who did



**DOWNTOWN** Portland has many new offices. Structure in the distance was one of first U. S. aluminum-and-glass buildings.

**NEW HOME**, also in Portland Heights, is built to take full advantage of the view of city and the Cascades.





## CUT-OFF MACHINE Combines Speed, Accuracy

This Delta Abrasive Cut-Off Machine does precision cutting jobs with cost-cutting speed for Calumet Manufacturing Co., Chicago manufacturer of camera and photographic processing equipment. Calumet uses versatile, low-cost Delta machine to cut stainless steel angle irons, special lengths of brass, and copper tubing to tolerances of plus-minus 0.002-

inch. This is typical of the way in which thousands of manufacturers are cutting costs by using versatile, accurate Delta Power Tools to supplement, or replace, expensive single-purpose machines. For more details, write:

**ROCKWELL MANUFACTURING COMPANY**  
DELTA POWER TOOL DIVISION  
3400 N. Lexington Ave., Pittsburgh 8, Pa.



## Self-Dumping Hopper increases plant efficiency

Handling costs have been cut sharply and plant efficiency has been increased for Henning Brothers & Smith, metals refiners, Brooklyn, N. Y. Bulk materials handling is now standardized by using nine Roura Self-Dumping Hoppers—doing several different jobs throughout their plant. These maintenance-free Hoppers, attached in 3 seconds to any standard lift truck, dump aluminum

scrap into furnaces, move 400-600° zinc ingots to a storage area, and are loaded with hot brass ingots from a conveyor belt. In each job, the entire operation is handled by one man. He just flips the latch and the Hopper dumps itself, rights itself, and locks itself.

Why not let Roura Self-Dumping Hoppers cut costs and save time for you, handling hot or cold, wet or dry bulky materials.

**ROURA**  
Self-Dumping  
**HOPPER**



WANT MORE DETAILS? Attach this coupon to your letterhead and mail to

**ROURA IRON WORKS, INC.**  
1407 Woodland Ave., Detroit, Michigan

*"... some of the men in the business community have the uncomfortable feeling they share the blame ..."*

PORTLAND starts on p. 98

their best to contribute to Portland's delinquency are under a blanket of criminal indictments. Portland is left with doubts about the roles of Mayor Schruk and District Attorney William M. Langley—both under indictment—in the tawdry scandal, and with a morning-after taste in its mouth.

There's no question that the racketeers hoped to achieve control of local government. And there's no question that the Oregonian, in a burst of editorial zeal that evoked memories of its crusading past, stopped them in their tracks.

## II. Who's to Blame?

The question is: How did this model of civic virtue lay itself open to sinister influences? If anybody has a pat answer to the question, he hasn't come forward with it. Some of the men in the business community, though, have the uncomfortable feeling that they share the blame. They don't take much interest in local politics and government. Their sensitivity on this point is so acute that they insisted on anonymity in BUSINESS WEEK's report of its interviews.

"The trouble with the businessmen in this town," said one of them, chief executive of a major manufacturing company and elected spokesman for his industry, "is chronic inertia. And you can put me at the top of the list. Oregon has been good to us. We've plowed the field, taken out what we pleased, and what have we put back in? We sit in our lovely homes in Portland Heights and let the political tides roll over us. There isn't another city Portland's size that wouldn't be flooded with recall petitions after what we've been through."

• **United in Apathy**—Others were more restrained in their self-indictment. But with one exception they agreed that they have done little to stimulate interest of responsible citizens in public office.

You hear rumbles that business leaders are getting ready to shake their political lethargy, but so far there's no supporting evidence of it.

## III. The Odor of Roses

As one wag observed, all this couldn't have happened to a nicer city. Portland is sometimes likened to a prim spinster. And, like many an old maid, it traces





## Next—pilots will watch their own landings on TV!

Up from pitch-dark airfields come light signals invisible to the human eye . . . A new electronic "cat eye" in the cockpit amplifies these signals to produce daylight pictures of the ground on the pilot's television screen.

Thus, in blackout or encased in radiation-proof cockpits, tomorrow's pilots will guide their planes in to safe landings by this latest triumph of electronics.

Like the electronic age itself, the fabulous "cat eye" depends for its operation on the very best of electrical insulations—the kind CDF has been manufacturing for over sixty years.

But quality electronic materials are only one of CDF's many products for industry. We also make vital

mechanical and electrical parts for aircraft, guided missiles, railroads . . . In fact—now, as a subsidiary of The Budd Company, we find no end to the new applications for CDF skill and productive capacity.

Take advantage of the vast know-how and can-do that CDF offers *you* in product design and improvement. A change in what seems a small part of your product may even put you in a bright new business. Give us a call.



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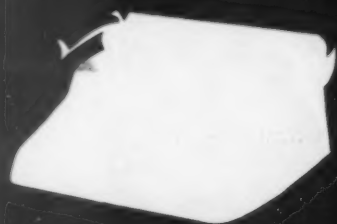


Masters can be prepared without stain, smudge or smear—even if changes or corrections have to be made

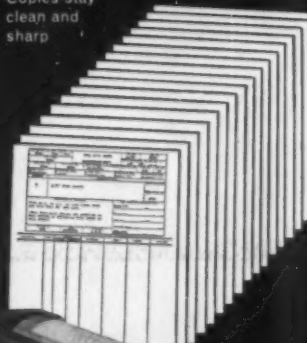


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*"... for scenic grandeur,  
the city and its environs  
have few peers ..."*

PORTLAND starts on p. 98

its roots to pioneer New England stock. It was named for Portland, Me., in the toss of a coin by two early settlers; a different result, and it would have been Boston. Though the pioneer stock has been well diluted in the 110 years since the city was established, the people still bear the stamp of New England taciturnity and individualism.

After a big wartime surge, the population settled back to slow but steady growth. It hovers now at something over 400,000, with perhaps an equal number in the neighboring counties that constitute the Portland metropolitan area.

These people are relaxed and friendly. They love their homes, and—rich or poor—they love and tend their gardens; the town's nickname is City of Roses. Neighborhood garden clubs are the common denominator, and woe to the city administration that defies the massed forces of the garden clubs in horticultural matters. This solemn dedication to the home garden culminates annually in the Rose Festival, held in June, a civic institution since 1909.

• **God's Country**—For scenic grandeur the city and its environs have few peers. You can stand on the downtown corner of Broadway and Jefferson and see the majestic pinnacle of Mt. Hood floating above the clouds 55 miles due east. If you don't see it, it's apt to be called to your attention: "No, not the one that looks like a vanilla ice cream cone; that's Mt. St. Helens. A little to the right, the one that rises like a pyramid." And if clouds obscure the peak, the Portlander will point out where it would be if visible.

Only minutes away from the same corner is the Columbia River and its flanking highway, winding into a fair-land of giant Douglas fir forests, steep palisades, and waterfalls of breathtaking beauty.

Mt. Hood has more than scenic value for Portlanders. In addition to providing a retreat for winter sports devotees and, in summer, for picnickers and berry pickers, Hood's perpetual snowcap feeds Bull Run River, the source of Portland's abundant water supply. Here is water of such crystal purity that filling stations use it instead of distilled water to replenish auto battery cells.

If Portlanders seem a trifle smug, you can blame a bountiful Mother Nature. The warmth of her smile on that little patch of Oregon provides ample grounds for self-satisfaction.

• **Port of Call**—Portland is split down

The only really new design  
concept for 1957 again comes  
from Chrysler Corporation.

Full-fledged fin styling is  
functional—making your ride  
steadier at highway speeds.

This New Shape of Motion\*  
is styling leadership.

Plymouth, Dodge, De Soto,  
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\*Another big reason why The Switch is On to the cars of The Forward Look



# "BLUE CROSS.

*protection helped  
our employees adjust  
easily when we moved  
to another state!"*

*says K. K. KNICKERBOCKER, President,  
Acme Visible Records Company*



*"Before moving, we had Blue Cross for 12 years. We liked the trouble-free, on-the-spot service our local Plan gave in handling employees' hospital care needs. In moving our company to another city, all of us were pleased to find this same conscientious service provided by the Blue Cross Plan in our new location. This continuing security made the move easier for everyone."*

Blue Cross Plans, serving locally coast to coast, bring Americans this famed program for prepayment of hospital care . . . the only one officially approved by the American Hospital Association.

**P**EOPLE have faith in Blue Cross. More than 53 million Americans already have this protection. Today over 300,000 leading companies have Blue Cross.

**Unique type of protection.** Instead of inflexible dollar allowances, Blue Cross protection is based on the actual costs of hospital care in your community. This means that employees get realistic, practical help from their Blue Cross . . . basic protection of the kind they and their families need most.

**Adaptable to management planning.** Blue Cross can form the basis for any type of employee welfare program . . . broad or limited in scope . . . for large or small companies.

**Saves you paper work.** Blue Cross spares you time-consuming investigations and claim-filing. Members simply show their cards when being admitted. Blue Cross Plans handle details of payment directly with participating hospitals. Blue Cross Plans have a close working relationship with hospitals—like a partnership. They, alone, are officially approved by the American Hospital Association.

**Cost is significantly low . . .** in terms of benefits employees receive. Because Blue Cross Plans operate not-for-profit, every cent taken in, except for low administrative costs, goes toward paying for members' hospital care. Last year alone, more than a billion dollars was paid out by Blue Cross.

**Judge for yourself.** Get complete data on the special services Blue Cross can provide for your company. Contact the local Blue Cross Plan listed in your phone book, or write direct to Blue Cross Commission, Dept. 616, 425 North Michigan, Chicago 11, Illinois.

**These are typical  
of the leading companies  
that have Blue Cross:**

**AMERICAN PRESIDENT LINES  
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**J. STEVENS ARMS CO.**

**RAYTHEON MFG. CO.**

**R. G. Le TOURNEAU, INC.**

**SCOTT ATWATER MFG. CO.**



## **BLUE CROSS®**

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the American Hospital Association.

**"... the economy of the town, closely tied to that of the state, rests on two prized resources—trees and water ..."**

PORTLAND starts on p. 98

the middle by the Willamette River. Just beyond the city limits, the Willamette (most outsiders to the contrary, the accent is on the second syllable) empties into the mighty Columbia about 100 miles upstream from the Pacific Ocean. Both rivers are deep enough for the biggest merchant vessels afloat in the Pacific. Portland is thus an inland seaport—and an increasingly busy one—with all the romantic trappings of maritime trade.

The division of the city is more than geographical. On the west side of the Willamette is the downtown business section—the main offices of the banks and utility companies, the hotels, the newspapers, the clubs, the stadium, the century-old Meier & Frank department store. It was on this side of the city, in the steep wooded hills that hem the downtown area, that the first families of Portland built their baronial 19th-Century mansions. And on these hillsides today is the exclusive residential district of Portland Heights. On the river's west bank, too, is the posh neighborhood of Dunthorpe.

East of the Willamette, residential areas and neighborhood business districts stretch out almost to the Columbia River. This flatland has more room for expansion than the west side, room for the growth that most Portlanders feel is sure to come. It's the newer, younger Portland, alive with a bustle the west side somehow lacks—although beyond the west side hills there is also a booming suburban area.

• **Enterprise**—East side business booster groups pooled their strength and their voting power to wrest the \$8-million Exposition-Recreation Center away from their big-business rivals across the river. That project, authorized four years ago, gathered dust while debate over a site raged. And Lloyd Center, a multimillion-dollar east side business and shopping area that has made only halting progress for years, seems finally ready for the big push. Sheraton Hotels last month closed an agreement to operate the \$4-million hotel to be built by the owners of Lloyd Center. Meier & Frank plans a big branch in the center and has 60 acres for another in the Parkrose area farther east and near the Columbia.

Despite the east-west split, the city is compact. Few travel more than seven miles to work, and the profusion of two-car families both increases the woes of the financially harassed bus system and congests downtown traffic. Portlanders intone a familiar dirge about off-street parking.

The economy of the town, closely

tied to that of the state, rests on two prized resources—trees and water. From these spring the area's close identification with timber, wood pulp, hydroelectric energy, and shipping.

#### IV. Of Trees and the Rivers

Crown Zellerbach Corp., one of the area's large employers, describes itself as a merchant of trees. While Crown is known primarily as a maker of paper, in the U.S. second only to International Paper Co. in production volume, its determination to get the greatest possible yield from its trees without exhausting its resources has led the company into such bypaths as dimension lumber, veneer and plywood manufacture, and silvichemicals.

To varying extents, this is true also of other great Pacific Northwest tree merchants—Georgia-Pacific, Simpson, U.S. Plywood, Weyerhaeuser. Where years ago a logging company swept through a forest, used what it could of the trees it cut, and burned the rest, now the watchwords are utilization and conservation. "Sustained yield," the practice of cutting no more than you can grow, is almost a religion with the large companies.

• **Whirring Dynamos**—Hydroelectric power got its big boost in the depression '30s with the construction of the Bonneville and Grand Coulee Dams. Availability of low-cost power lured the aluminum producers, Alcoa and Reynolds, to the Portland area, and since the war the availability of aluminum has sired a substantial colony of metal fabricators.

Portland executives view this growth with satisfaction. Yet beneath the surface there are rumbles of displeasure. The aluminum reduction plants were welcomed when the area had a power surplus. Now there's a growing tendency to contrast the industry's enormous consumption of energy with its relatively low employment of manpower. Behind all this is the generally accepted prospect that the Pacific Northwest in the next few years faces a net shortage of power. New dams under construction or on the boards (one almost ready to begin turning out juice) may delay the day of reckoning.

Power is a fighting word in Portland. Protagonists of public and private power rarely relax their hostility. And two private companies, Pacific Power & Light and Portland General Electric, compete for patrons in the same neighborhoods.

• **Cooking With Gas**—Now electric



K. K. KNICKERBOCKER, President,  
Acme Visible Records Co., says:

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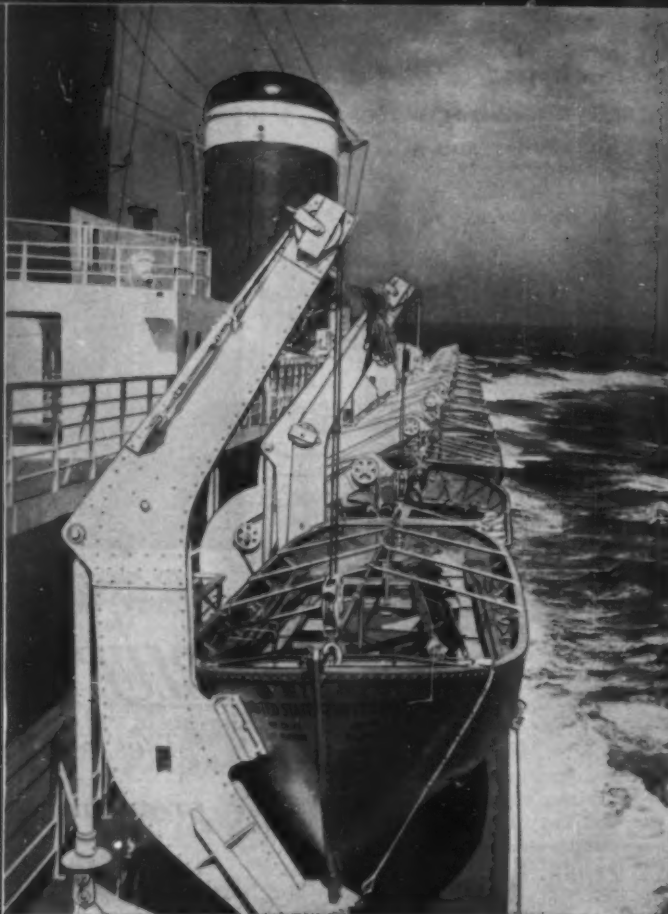
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**" . . . Portlanders like to point out that their city has 300 more manufacturing plants than Seattle . . . "**

**PORTLAND starts on p. 98**

energy has a new rival—natural gas from the San Juan Basin of New Mexico. Last September, Portland Gas & Coke Co. switched over from manufactured to natural gas and turned on the promotional steam for new customers. For its \$30-million investment, it has captured some prize customers, including Crown Zellerbach, Owens-Illinois Glass, and even the standby steam power plant of Portland General Electric. With 88,000 customers—9,000 of them added in seven months—the gas company has a new lease on life.

Distribution is another important leg of the Portland economy, one that accounts for the influence of the Teamsters. The city's warehouses serve an area stretching from the Pacific Coast to northern Idaho. Symbolic of this function is the giant main terminal of Consolidated Freightways, with loading bays for 160 trailers. In a four-county metropolitan area, trucking is the second largest employer. In Portland alone, the Teamsters union has about 12,000 members.

The inland seaport accounted for almost 10-million tons of shipping last year, mostly inbound petroleum from California. Its stature as a gateway of commerce to the Pacific and beyond is growing. Exports last year of wheat, coal, barley, scrap, and lumber products reached 1.8-million tons.

## V. Migrants and Machines

Portlanders like to point out that their city has 300 more manufacturing plants than Seattle. Sometimes they add with a sigh: "If only we had a Boeing plant"—a confession of Seattle's superiority in manufacturing employment. Portland's 1,800 factories employ 64,000, about 16,000 of them in forest products, 10,000 in metals, and 5,700 turning out the glamorous products of the Jantzen, White Stag, and Pendleton Woolen mills.

During World War II, manufacturing employment leaped almost overnight to 150,000, including some 98,000 at Henry J. Kaiser's three shipyards. Out-of-state workers, reaching 137,000 at the peak, swarmed into the city to man the shipyards and other war plants.

Temporary housing for 40,000 was flung up on the lowlands along the Columbia. This colony, named Vanport, became Oregon's second largest





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It probably is. Wherever fastenings must be made, this simple truth applies: The cost of the fastener is but a tiny fraction of the cost of using that fastener in production. The key to reduced assembly costs is the fastener that helps high-paid assembly hands turn out better work—*faster*. The P-K® Self-tapping Screw is that fastener!

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**" . . . Tommy Ray had one blind spot—Negroes . . . "**

PORTLAND starts on p. 98

city. When Vanport was filled, it acquired a suburb—East Vanport—with housing for another 5,000. There were other emergency projects; the names McLoughlin Heights (across the Columbia in Vancouver, Wash.) and St. John's Wood, Guild's Lake, and University Homes (all within the city) became symbols of an era when Portland was declared center of one of the 10 most war-swollen industrial districts in the U.S.

• **Newcomer Trouble**—Nine years ago, a Columbia River on the rampage washed away the last unpleasant memories of the Vanports. But it didn't wash away all of Portland's war-born woes. One touchy problem that remained was a lawless element among the imported population, much of it Negro.

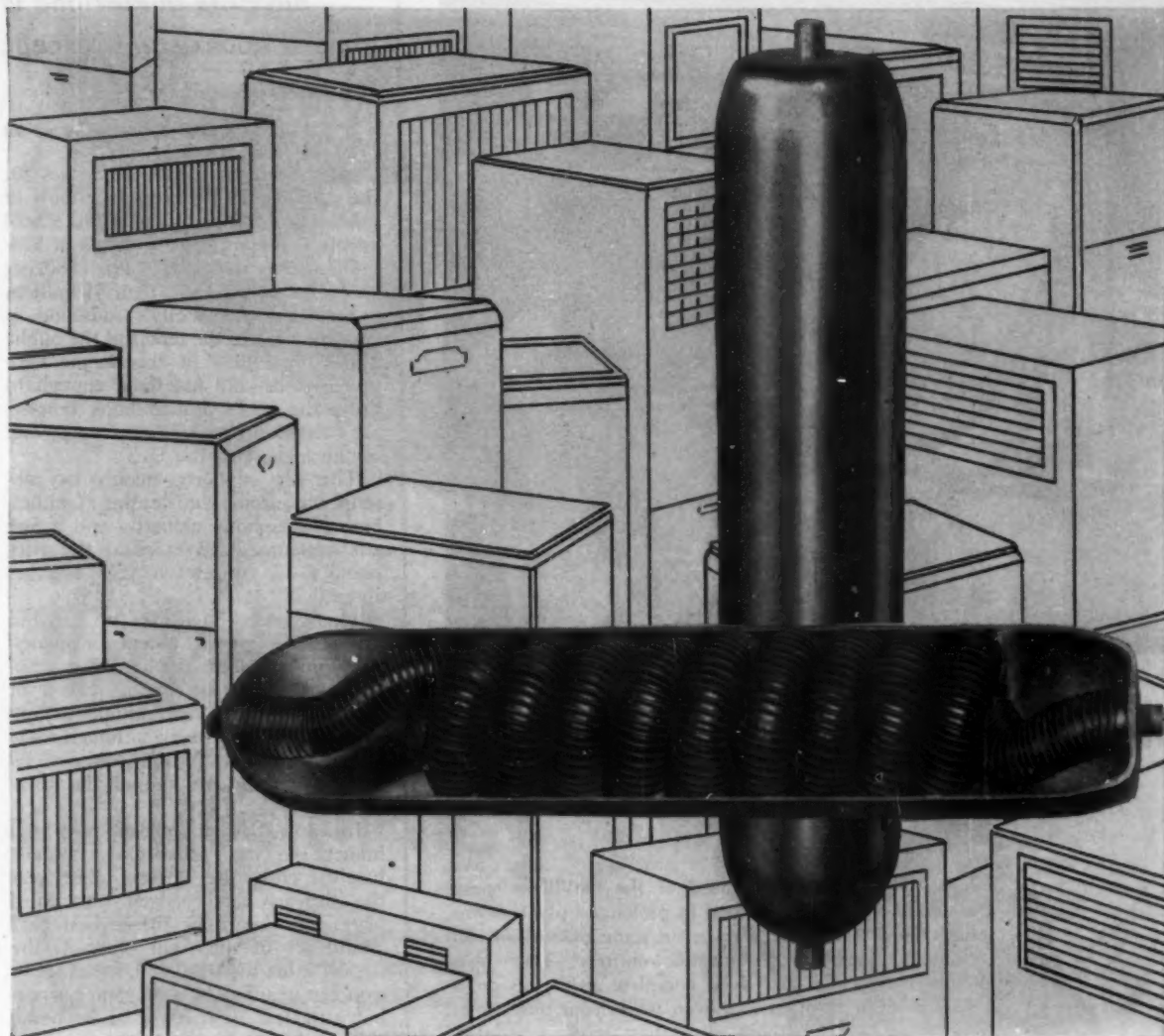
The attitude of some toward the migrant Negro was synthesized in the flamboyant behavior of a lower-case union official, Tommy Ray of the Boilermakers, who parlayed his closed shop jurisdiction over the shipyards into a fine thing—for Tommy Ray. From a prewar membership generously estimated at 600, he brought Local 72 up to a peak strength of 50,000 by the simple expedient of standing back to avoid the rush.

In court proceedings attending his ouster for voting himself a \$10,000 bonus, it was said that \$4.8-million in initiation fees and dues passed through his eager hands between 1940 and 1943. The marble palace he built to shelter his union was a wartime show-place.

• **Jim Crow**—But Tommy Ray had one blind spot—Negroes. Even in the war emergency, he wouldn't admit them to his union. This became a focal point of dissatisfaction. And though half the 25,000 Negroes who migrated to Portland left after the war, the problem of integrating some of those who stayed into the social fabric of the community remained. Flareups of juvenile race trouble have occurred, to be sure, and, according to law enforcement agencies, much of the city's lawlessness can be traced to the Negro quarter on Williams Ave. At the same time, the city has made such strides toward a harmonious solution of this problem that it received a national award for its progress several years ago.

## VI. Culture on the Columbia

Portland takes its education seriously. It's the home of Reed College, Portland University, Marylhurst, and Lewis &



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Among the most important elements of a modern air conditioning system are the heat exchangers which provide for BTU extraction. Our Wolverine Tube Division manufactures an integral finned heat exchanger tube called "Trufin". It is made of either copper or aluminum and its integral fins are squeezed directly from the tube walls.

Trufin tube has more than twice the heat transfer surface of plain tube, making possible the use of smaller, more effective heat exchangers. Doubtless that's one of the several reasons why you'll find Trufin tube in most of the well known air conditioning units, as well as in many other types of equipment where efficient heat transfer is a requirement.

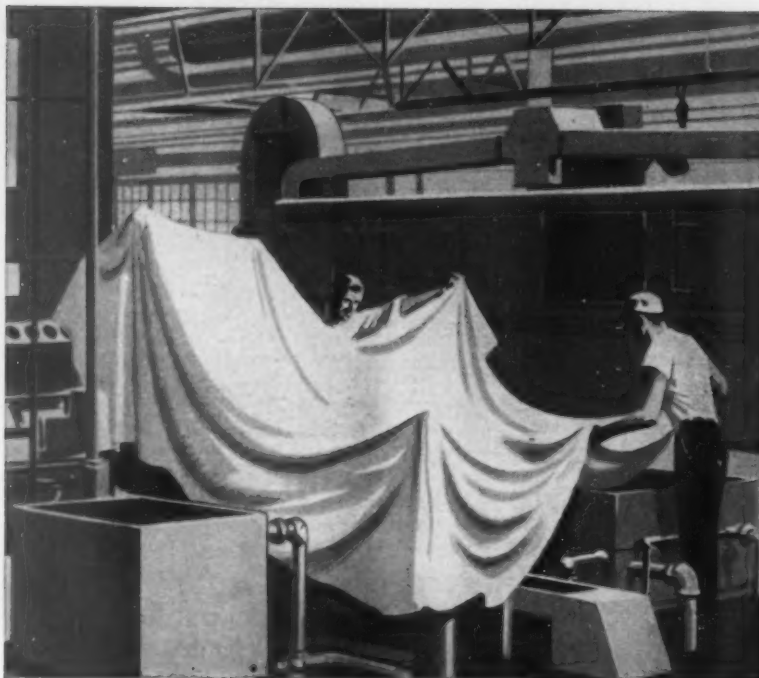
The unique design and fabricating techniques which make this superior tubing possible are typical of the progressive thinking throughout all divisions of Calumet & Hecla. Perhaps it's the kind of thinking that would be helpful to you in making your product better.

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DeVilbiss P-NU Extension Gun simplifies the job of painting out-of-reach areas. Swivel head permits spraying at any angle.

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116 Regions

**"... nightlife in Portland is almost nonexistent except for movies . . ."**

**PORTLAND starts on p. 98**

Clark, and provides the campuses for the University of Oregon's schools of medicine and dentistry. Its public school system is supported by a budget of \$24-million, plus state allotments (\$80 per student) totaling more than \$5-million.

Evidence of the city's addiction to education lies in the report of the public library that 40% of the people have library cards—and use them enough to bring the area's annual book borrowing average up to 4.79 per capita, one of the highest in the U.S.

The city supports, mainly by subscriptions from the leading families, both a symphony orchestra and a fine arts museum. Attendance at the symphony's 12 concerts a year averages about 2,200.

• **Homebodies**—Nightlife in Portland is almost nonexistent except for movies, one family-style nightclub, and occasional visits of a touring ballet or theatrical. The police clampdown on vice is tighter than ever, although some pathetic members of a discouraged female profession still pound the pavements.

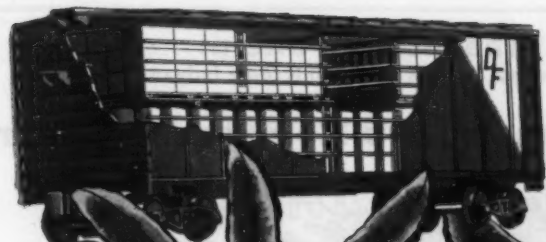
In season, though, Portland pays loyal homage to its Pacific Coast League baseball club, the Beavers. Last year the Beavers barely edged into third place, but they drew the highest paid attendance of the eight clubs in the league—more than 300,000. Los Angeles won the pennant by a 16-game margin but attracted 10% fewer to its home games. A couple of weeks ago, the Beavers tallied up their advance sales for the 1957 season, then five weeks away. The total was \$122,000. If they didn't sell another ticket they could count on 1,125 fans at every home game.

• **With Rod and Line**—As baseball is the Portlanders' favorite spectator sport, fishing is his choice for participation. In season he haunts the chill waters of the Columbia and probes the Rogue, the Wilson, and the Deschutes for salmon, steelhead, and trout.

In season, also, the smelt. The first day that Sen. John L. McClellan pinned Dave Beck's ears back in the Washington hearings, lanky, handsome Dick Nokes, city editor of the *Oregonian*, was going through his daily ritual of pirating page one space for local news. Ed Miller, the assistant managing editor, gave him an argument; this was Beck's finest hour.

"To hell with the racket investigation," barked Nokes. "The smelt are running." **END**

**BUSINESS WEEK • Apr. 13, 1957**



# The Kid Glove Treatment!

That's what both railroads and shippers call Evans DF\* cars. And with good reason . . . because DF cars transport lading so well that damage in transit is virtually eliminated.

DF cars provide a cost-and-time-saving service to shippers who need no longer pay for "deadhead" dunnage. They are designed to permit no slack . . . no damaging load-shifting . . . and full-car capacity loads are easily planned through multi-decking.

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## The Income Pattern: Business Week's Regional Income Indexes

### U.S. Incomes: Up 6.1% From Last Year



©BUSINESS WEEK

Federal Reserve District	% Change vs. year ago	The Indexes		
		Jan. 1957	Dec. 1956	Jan. 1956
1. Boston	+4.3%	282.7	285.8	271.1
2. New York	+7.7%	308.0	303.8	286.1
3. Philadelphia	+4.8%	296.3	299.1	282.8
4. Cleveland	+3.4%	346.5	347.0	335.1
5. Richmond	+5.9%	368.3	363.5	347.8
6. Atlanta	+4.2%	435.7	441.1	418.3
7. Chicago	+5.9%	356.2	356.5	336.4
8. St. Louis	+4.2%	325.7	324.5	312.7
9. Minneapolis	+8.5%	356.3	353.7	328.3
10. Kansas City	+3.8%	403.5	402.7	388.9
11. Dallas	+6.6%	494.9	490.1	464.4
12. San Francisco	+9.7%	400.1	394.8	364.6
Nation	+6.1%	353.7	352.4	333.5

1941=100; adjusted for seasonal, January figures preliminary; December revised

## The Gains Get Up Steam

Regional incomes in January topped the 1956 month by a brisk 6.1%. At a peak.

U.S. incomes in January were well above 1956 levels, topping the previous January by 6.1%, largest year-to-year gain in three months, according to BUSINESS WEEK's Composite of Regional Income Indexes. On the year-to-year basis, San Francisco's 9.7% was the largest gain. Cleveland at 3.4% and Kansas City at 3.8% were the smallest.

In Cleveland, January income was fractionally below December's. Contributing factors were layoffs in electrical machinery, due to lack of orders, and the shutdown of a large magazine printing setup in Springfield, Ohio. In Kansas City, the drought has continued to bite into farm payrolls, de-

spite a rise of 0.2% from December.

On the month-by-month basis, incomes nationwide were up 0.4%, the best gain in three months. The largest declines were 1.2% in Atlanta and 1.1% in Boston.

For Atlanta, incomes did top their year-before mark by 4.2%, but failed to regain the peak of last August. The U.S. Bureau of Employment Security has classified several areas in the Atlanta region as having slightly more job seekers than openings, and this situation is expected to persist for several months.

As for Boston, curtailed activity in electronics, plastics, shoes, and textiles accounted for the decline from December. Cutbacks in the textile and apparel industries were pretty general, and the BES says that the outlook to early spring is "not favorable, with some further layoffs in prospect." **END**



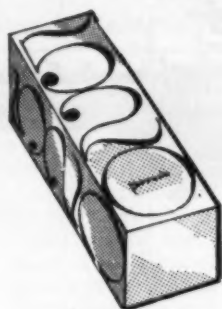
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*—new specification adhesives*



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Continental Can Company's Boxboard and Folding Carton Division, a part of the former Robert Gair Company merged in Continental, has been a leader in packaging designs from the first packaged soda crackers to the modern folding boxes pictured above. In these attractive and effective containers, Continental uses specific Arabol Adhesives—both for side-seam adhesion and for lamination of foil to paperboard.

By the use of a specification Arabol Adhesive, Continental is able to eliminate the scuffing wheel on the straight line gluer, and consequently increase production. This same side-seam adhesive, for which patent is pending, produced the desired degree of moisture and heat resistance on the finished carton.

Another Arabol specification adhesive (patent also pending) successfully performed the difficult lamination of

foil to paperboard. The exceptionally good results of this final adhesion demonstrate Arabol's ability to meet the severest of specifications.

The adhesives manufacturer must be able to keep pace with all new developments. If the adhesive fails you have, at the worst, spoilage and leakage—at the least, a ragged, messy package which is no asset to your public relations program. Your whole investment in packaging—from design to materials and machinery—is largely dependent on your choice of adhesives.

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# Canada Weighs Its Credit Policy

● And finds it wanting. But a proposal by James E. Coyne, head of the central bank, to bolster housing and public works meets opposition from bankers.

● Bankers fear that bureaucratic rule would take the place of practical banking experience.

● Prospects for Coyne's reform appear dim, at least until after Canada's election.

Like the U.S., Canada has been booming. Unlike the U.S., it hasn't yet experienced any tapering of this boom. Economic activity is still surging—and, with it, the threat of inflation.

Like the U.S., Canada has relied on general and indirect credit controls to keep inflation in check. Until lately, the tight-money policy of the Bank of Canada has differed only in detail from that of its U.S. counterpart, the Federal Reserve. But now a big difference is emerging.

The difference is that the Bank of Canada has reviewed its policy and has found it wanting. Its scholarly governor, James E. Coyne—who holds much more personal power than William McC. Martin, chairman of the Fed's Board of Governors—has made a radical proposal that would strengthen the central bank's anti-inflation campaign. It would also tend to upset the traditional relationship among the Canadian government, the Bank of Canada, and Canada's banking system.

The proposal: to turn personal savings deposits of Canada's banks into long-term institutional investments rather than into short-term loans. This, Coyne reasons, would ease the pinch of money tightness on the mortgage market, municipal projects, and other hard-hit areas.

## I. Pattern in Canada

Canada's banking system is set up differently from that of the U.S., and the Canadian economy is smaller, less developed. But it offers an especially pointed chance to study the role of the central bank as an economic stabilizer. That's why the situation is being followed closely by observers in the U.S.

• **Lid on Credit**—Since 1955, both the U.S. Fed and the Bank of Canada have been putting the screws on credit. If anything, Canada's central bank has been the more restrictive of the two. In a period when the Fed was raising

the discount rate from 1½% to 3%, the Bank of Canada was raising it from 1½% to 3½%.

In the face of rising credit demand, the Bank of Canada has severely restricted the credit supply to the nation's banks. As a result, Canadian interest rates are higher than those in the U.S. For example, the rate on 91-day Canadian Treasury bills has gone as high as 3.81%—far above the peak on U.S. 91-day bills.

Canadian banks charge at least 5½% for loans and prime corporate borrowers—not much below the legal limit of 6% that other borrowers pay. In the U.S., prime borrowers can get a 4% rate.

• **Demand Still Rising**—Neither the high rates nor the curtailment of the money supply has curbed the use of credit in Canada. In the past year, consumer credit rose 30%. In the 18 months ended last December, total bank loans increased \$1.2-billion—more than 20%. Business loans, which account for 81% of the total, increased by \$800-million, or 67%.

Moreover, estimated expenditures on plant and equipment are expected to increase by 8% in 1957. The figures for 1956 are not yet complete, but they indicate that plant and equipment spending increased by over 14%. A major portion of the increase was accounted for by rising costs, which jumped by 6% compared to a 4% increase in gross national product. As one government source bluntly put it, "Annual expenditures are too large to be physically attainable."

As in the U.S., this increase in the use of credit has strained material and manpower resources. The cost of living rose 3% last year, compared with 2½% in the U.S. Inflationary pressure is still strong, and credit demand shows no sign of slackening.

• **Lopsided Squeeze**—To take care of the demand for loans, the banks in Canada did two things:

• They unloaded \$1-billion in

government securities. This built up their lendable funds.

• They shut the door to many borrowers. As in the U.S., this pinch particularly hurt the housing industry and many municipal projects.

The annual report of the Bank of Canada notes the inequality of the squeeze. It defends its tight-money policy as necessary in keeping the boom under control, but it admits some unanticipated effects—while the squeeze hurts in some areas, it is completely ineffectual in others.

• **Broad Effect**—Such open self-criticism is almost unheard-of in the close-mouthed tradition of central banking in Canada, Britain, or even the U.S. But Coyne's letter to the heads of Canada's nine chartered banks caused an even greater stir. This letter contained the proposal for redirecting savings into long-term (mortgage and municipal) loans rather than into short-term (business and consumer) loans.

Such a proposal would have little significance in the U.S., where the Federal Reserve's commercial member banks hold a relatively small volume of savings, or time, deposits. But in Canada, the nine chartered banks—which, with their 3,600 branches, account for well over 95% of the country's banking business—hold 80% of all personal savings. They have more than \$6-billion in savings deposits, compared with only \$4-billion in demand deposits. So if Coyne's suggestion should be adopted, it would mean a major change in banking practices.

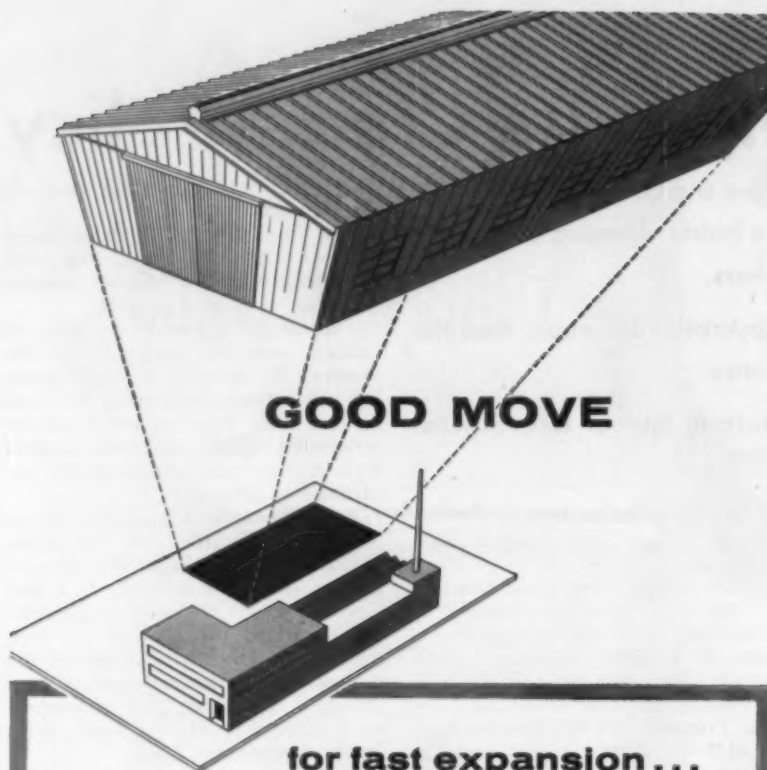
## II. Powers of Bank Chief

From the U.S. viewpoint, the importance of Coyne's move is not in the method he suggests to equalize the credit pinch—it is in the fact that the head of the central bank saw fit to act at all. In contrast, Martin in the U.S., while acknowledging that general controls have an uneven impact, is dead-set against any move to eliminate the "discrimination" against such areas as housing and small business.

Reaction of Canadian bankers to the principle behind Coyne's proposal is distinctly chilly. Most of them refrain from public attack on it, but they say privately that the idea is tantamount to direct control. They concede that the tight-money policy isn't working perfectly, but feel that Coyne's plan would substitute bureaucratic rule for practical banking experience.

Finance Minister Walter Harris,





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DIVISION

"WISE IN THE WAYS OF METAL BUILDINGS"

**"... bankers put up funds for mortgages but opposed the Bank of Canada's chief proposal ..."**

STORY starts on p. 121

chief government spokesman, told Parliament that he has "no intention of recommending" Coyne's plan. In view of the historic close relationship between the Finance Department and the central bank, this statement came as something of a surprise.

Political experts pointed out that the government is facing an election and doesn't want to make any changes until that crisis is out of the way.

• **Housing Troubles**—Unquestionably, though, the government is worried about the squeeze on housing. While it is resisting the kind of radical change that Coyne wants, the government has long fought to get the banks into the mortgage field.

The banks haven't been eager to provide funds for housing. They hold most of the nation's savings, but they regard mortgages generally as "too speculative" a field for investment. They don't make any marked exception for government-insured mortgages.

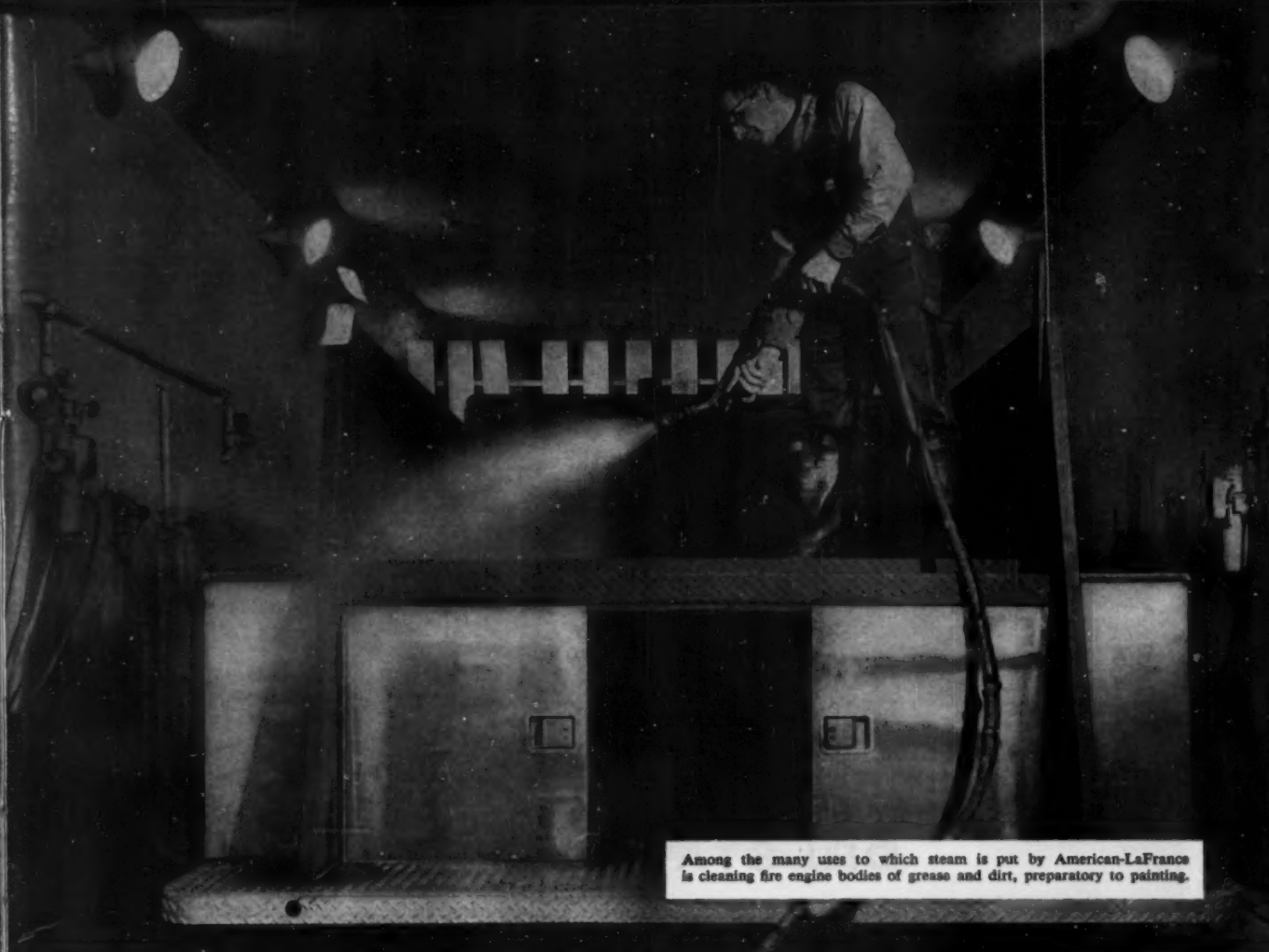
Until 1954, in fact, banks weren't allowed to invest in government-insured mortgages—the kind they are now encouraged to buy. In 1955, they put up \$220-million for mortgages, and they raised it to \$235-million last year. But they were planning practically no commitments this year.

This threatened cut in housing loans came at a time when other mortgage lenders—the trust and life insurance companies—were strapped for funds. Up until 1954, when the banks got into mortgages, the insurance companies and trust firms had 80% of the mortgage market. Bank participation has meant a smaller share of the market for these firms, although demand for housing is so strong that their volume has increased. By the end of 1956, they had to dip into their own cash reserves for mortgage money available.

• **Something Accomplished**—Coyne's proposal had at least the effect of getting the banks to reverse their policy. After his letter went out, the bankers met with him and agreed to put up a minimum of \$150-million in new housing loans this year. This would finance about 15,000 housing units.

However, the bankers were adamant about opposing Coyne's proposal in principle. They would agree only to "further study and discussion" with the Bank of Canada.

Coyne obviously won't be balked by banker resistance alone, but he, too, faces a crisis. Now that he has per-



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*"... Canada's banking system mainly depends on 'moral suasion' ..."*

STORY starts on p. 121

suaed the banks to commit funds for housing, he can further tighten the money supply by open market operations. But this would primarily pinch the banks' business and consumer loans, since the funds set aside for mortgages would remain constant.

Such a course would run the risk of choking off Canada's boom, but many Canadian money experts feel that Coyne would either have won his point or have resigned before that happened.

### III. Powerful Effect

Coyne is involved in a more critical situation than anything that the Fed is likely to face. Partly, this can be explained by the differences in the respective positions held by the governor of the Bank of Canada and the chairman of the Federal Reserve Board. Martin, chairman of the Fed's Board of Governors, is the first among equals; Coyne has much more personal power and can take action without the full approval of his board of directors.

But unlike the U.S. situation, there is no real debate over the independence of the Bank of Canada from the government. Although the Bank is not subordinate to the Dept. of Finance—Canada's Treasury Dept.—they work in close harmony. In fact, the Deputy Minister of Finance is on the Bank's board of directors, as a safeguard that monetary policy does not run counter to the government's economic policy. At present, Kenneth W. Taylor, who is considered one of Canada's top economists, holds this position, and he and Coyne get on well together.

• **Moral Pressure**—The Bank of Canada has much the same arsenal of credit controls as the Fed. But because only nine banks control Canada's entire banking system, it mainly depends on "moral suasion"—the traditional gentlemen's agreement that was standard operating procedure for the Bank of England. The Fed, which has thousands of member banks split into 12 regional districts, has rarely resorted to "moral suasion" on the scale that's standard in Canada. In Canada it takes only a few phone calls to bring Coyne and the heads of the nine chartered banks around a table.

This reliance on moral suasion has had some success. For instance, last year Coyne got the banks to agree to stop expanding term loans to business corporations. This agreement, which was observed by all nine banks, did not



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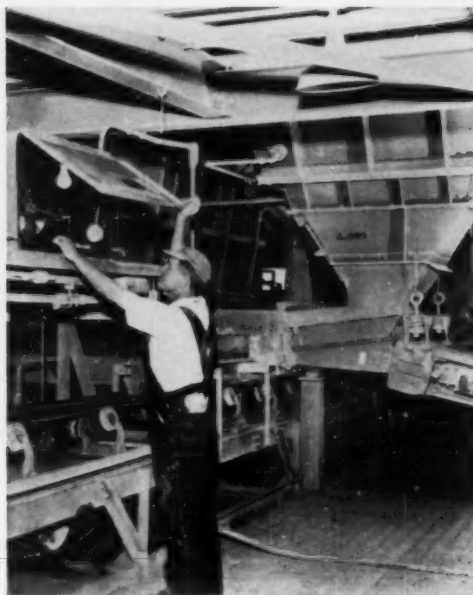


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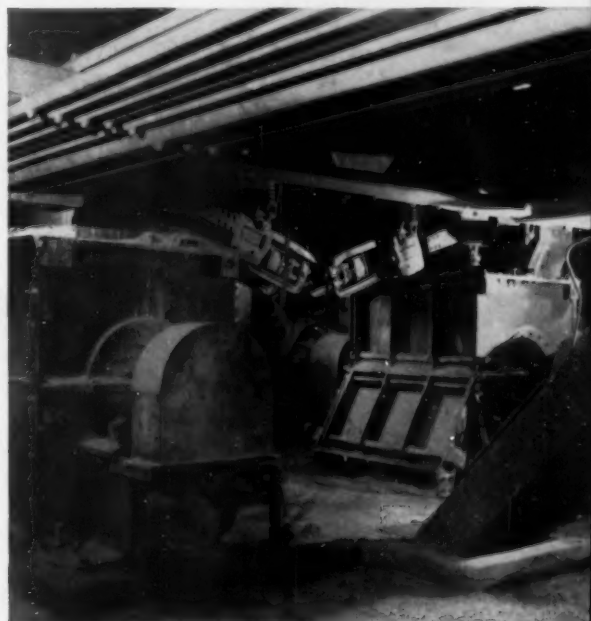


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**SMITH-CORONA**

**"... Canada's long-term growth needs more than indirect controls to keep inflation in check..."**

**STORY starts on p. 121**

apply to housing, farmers, and municipal borrowers precisely because they were the sufferers from the expansion of term loans to business.

Coyne also persuaded the three major stock exchanges and their broker members to raise the margin requirements to 50% of the stock price. This is even a more notable example of moral suasion because, unlike the Fed, the Bank of Canada has no legal authority over stock margin requirements. The banks' commitment to support the mortgage market was another success.

• **It Doesn't Always Work**—Though Coyne has been fairly successful in exerting moral pressure, he has also met disappointments. The very fact that he has only nine banks to deal with makes it easy to put forward his case, but it also means that each of the nine is a powerful entity. The opposition of only one or two banks is enough to cripple his plans.

Moral suasion has not been too effective for Coyne in trying to check consumer credit. He got the banks to agree to halt their loans to finance companies. But the finance companies refused to go along with his plea to slow down their activities. When Canadian banks refused to grant new loans, the six largest firms—all subsidiaries of American outfits—borrowed in the U.S. This not only meant a continued use of consumer credit, but it also annoyed Canada's banks, which lost business.

Clearly, Coyne feels that moral suasion is not enough to control inflationary forces. And his criticism of the practical working of indirect controls implies that he is prepared to fight for more power. Some banking men state that Coyne is personally in favor of the direct controls used by Canada in wartime. At the very least, they say, he would like to see immediate restoration of the limited controls that were used during the Korean emergency.

#### **IV. Long-Range Look**

Coyne's proposal and his apparent belief in direct controls are not based solely on the present inflationary danger. Bank officials state that he is also very much concerned about the inflationary threats inherent in a long-run boom. He holds that if the economy is geared to long-term growth, it will take more than indirect controls to keep inflation within bounds.

• **Innovations**—Coyne has gained a



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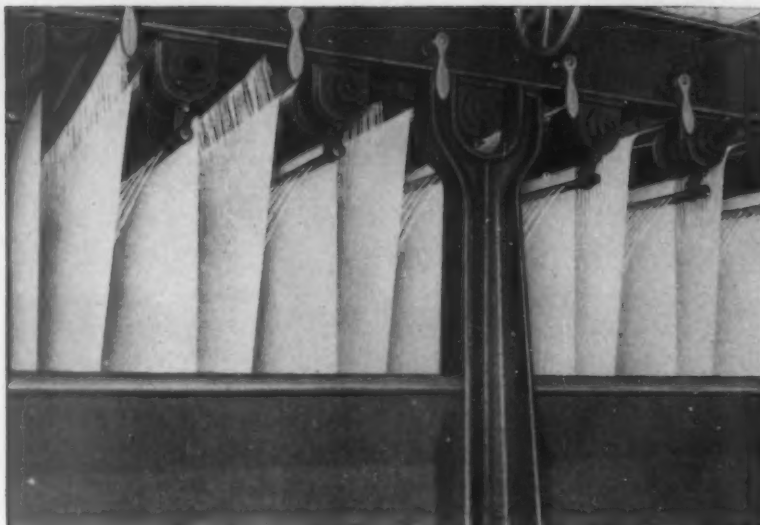
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HEADQUARTERS FOR VEGETABLE PARCHMENT SINCE 1885



"... a Royal Commission on monetary policy may be set up to recommend new policies ..."

STORY starts on p. 121

reputation as an innovator in central banking circles since he took over the governorship of the Bank of Canada in 1954. A former lawyer and political scientist who had become deputy governor in 1949, his biggest change until his most recent proposal was to adopt a "floating" discount rate. In order to insure that the discount rate would always carry a penalty for banks that borrow from the central bank, he set the discount rate at one-quarter of 1% above the weekly rate for Treasury bills. This was started last November and, though it has not been followed by the Fed, it gained a lot of attention in the U.S.

• **Hot Water**—Coyne's latest proposal is much more revolutionary. And the cool attitude of the Finance Minister has made this position difficult.

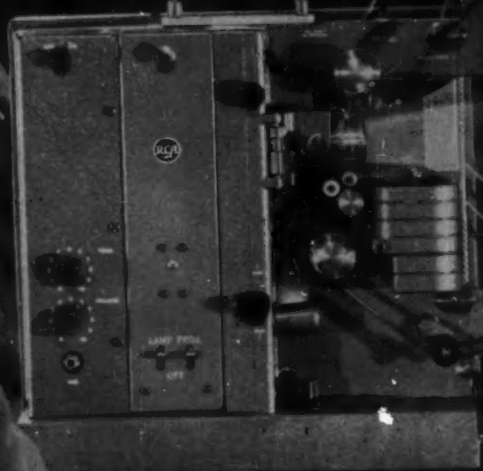
If strong disagreements between the governor of the central bank and the government exist, central bank tradition has it that the governor must go. This has never been put to the test in Canada (Coyne is only the second governor in the Bank's 22-year history) and most observers doubt that tradition will be tested now. They point out that after this year's elections are over, and the Liberals who are now in office have won again, the government is quite likely to back up Coyne.

Actually, many bankers are as angry at the government as at Coyne. As they see it, the government has failed to pursue anti-inflationary policies, leaving the whole problem of the wage-price spiral to the Bank. For example, government spending is up this year, with at least 12% ticketed for capital expenditures. This has added to the inflationary threat and has made Coyne's job more difficult.

It is unlikely that any fundamental changes will take place this year. On one hand, Coyne and the bankers are far from reaching a gentlemen's agreement. On the other, the government will not press for any changes in Parliament.

But there is general agreement in Canada that something should be done. This week, Toronto's Financial Post, borrowing a leaf from the U.S., published a call for a Royal Commission to study the entire field of monetary policy and recommend new policies. As the Bank of Canada was itself set up as a result of a Royal Commission, the proposal may gain support. **END**





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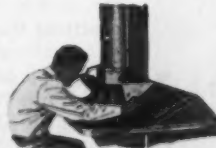
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**E**NRICO MATTEI, dynamic boss of ENI—Italy's state-owned oil company—is branching out into new activities and new countries, while he continues to consolidate ENI's competitive position in the homeland.

In the past couple of weeks, for example, Mattei:

- Leaked out the report that in a new oil exploration venture in Iran, ENI might take only 25% or 30% of the profits (BW—Apr. 6 '57, p142). By upsetting the worldwide 50-50 pattern, he could further discourage work by foreign oil companies in Italy.

- Announced plans to invest \$100-million or \$125-million in oil development next year, about half of it in a petrochemical research lab at Ravenna.

- Set up two atomic energy companies.

- Continued talks with West German interests about a possible new pipeline from Iran to Turkey that would

tie in with ENI's oil search in Iran.

- **Multi-Purpose**—Mattei rarely makes a move without seeing a chance for a payoff at least two ways. In leading ENI into the Middle East oil business, for example, two months ago as partner of Belgium's Petrofina in a new company in Egypt, Mattei saw a chance for profits that could finance further oil development at home. But he also saw a chance to slap the foreign oil companies who have been complaining about Italy's new law that leaves them roughly 40% of profits.

Toward the end of 1956, the Italian government, with Mattei's backing, passed the law giving a split of roughly 40-60 on mainland oil profits, and Gulf Oil Corp. announced its withdrawal from the mainland (BW—Jan. 26 '57, p167), where it had made one substantial oil strike.

Since then, Mattei seems to have been trying to make the 40-60 split



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**PRIEST BLESSES** first drill rig produced from plant in Florence, acquired by ENI two years ago at salvage value.

look generous from the standpoint of the oil companies. Details of the Egyptian deal of two months ago haven't been officially announced, but insiders say Pres. Nasser's International Egyptian Oil Co. will get 70% of profits from oil development in the Sinai Peninsula as partner with ENI.

The reputed 25-75 or 30-70 split in Iran may boil down to around 50-50 if the deal—now up in the air—ever goes through, papers are signed, but Mattei meanwhile makes his point to the international oil companies that Italy is being relatively generous with them.

• **Opposition**—By pushing a nationalistic policy toward oil production, Mattei is cutting the ground from under strong Communist elements, including the labor unions. His trick has been to get there first in flaying the private companies. After the Egyptian agreement, *Il Popolo*, a Rome daily that backs Mattei, said: "It must be recognized that the era of the fatted calf is ended."

Yet Mattei doesn't escape criticism at home, both for his forays into foreign fields and for his freezing-out of foreign oil companies that want to explore the Italian mainland for oil. Some of his countrymen say bitterly that ENI should either go all-out to develop mainland oil or should stop hindering foreign oil companies in doing it.

Sen. Luigi Don Sturzo, former priest and founder of the Christian Democratic party, questions ENI's right to use government funds for Middle East ventures that may not jibe with Italy's pro-Western foreign policy. Other critics blame half-hearted oil exploration on Italy's mainland for the fact that fuel imports still account for around half of the country's \$800-million trade deficit.

• **Monopoly**—ENI has an official mo-

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nopoly over oil and gas in the mainland's one major producing area, the Po Valley. Nearly all of the country's oil production, however, comes from Sicily (about 10,000 bbl. a day). Sicily is under different laws that give private companies a better profits break. It has reserves estimated between 100-million and 300-million bbl.

On the mainland, private companies say exploration is risky even with a 50-50 profits split, and thoroughly unattractive with a 40-60 split. The biggest mainland strike so far was on the Adriatic coast around Abruzzi, by Gulf Italia Co., owned by Gulf and Montecatini. Now that project has been dropped, and further mainland development is pretty much up to ENI.

• **Ambitious**—The 51-year-old Mattei has built ENI since the war into a major business. He isn't satisfied yet. He was recently quoted as saying about the big international oil companies: "They've got to make room for me." At the moment, though, ENI's prime business is natural gas.

Since the war, its subsidiaries have boosted natural gas output from 445-million cu. ft. to around 140-billion cu. ft.—about 93% of Italy's total production. ENI has 2,500 mi. of pipelines to feed gas to homes and factories in such big cities as Milan and Turin. It owns 14 tankers, six oil refineries (some jointly with Standard of New Jersey and British Petroleum Co.), and a chain of gas stations that sells 25% of the market. It has also branched into other activities such as a synthetic rubber and fertilizer plant built in partnership with Union Carbide & Carbon Corp. and Phillips Petroleum Co.

• **Run-Down Property**—During the war, Mattei led a band of Christian Democratic partisans in fighting the Germans, and in 1945 he was made northern director of AGIP, government oil agency formed by Mussolini in 1926. Not much was left of AGIP when the war ended—\$1-million to \$5-million of assets, depending on the terms by which it could be sold. Mattei took over this property by government appointment.

He concentrated on building up the gas production and distribution system, on strengthening a nationalistic company that wouldn't be Fascistic. By 1953, AGIP's domestic natural gas was saving \$60-million a year that would otherwise have gone for coal imports. In that year, ENI was created to run AGIP as well as its 40-odd subsidiaries.

• **High Pressure**—To keep ENI growing every year, Mattei works 10 or 12 hours a day, seven days a week. He shuttles between offices in Rome and Milan and, even at social gatherings, talks ENI all the time. **END**



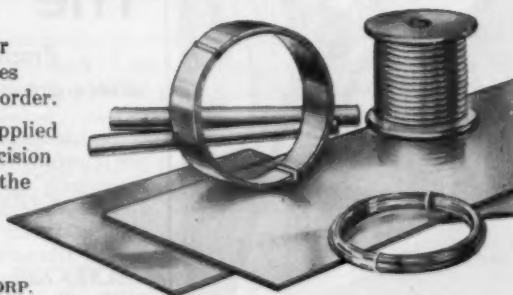


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ANKARA'S COSTLY RUSH to modernize Turkey has stressed the industrial, left much of the nation's essential agriculture to primitive methods of an earlier age.



THE POWERFUL ARMY, largely equipped by the U.S., is the strongest in the Middle East. But it is an endless drain on thin-stretched funds and manpower.

## Near-Bankruptcy Saps The Turkish Bastion

Proposed oil pipeline from Iraq might ease the nation's severe growing pains. The trade deficit is growing fast.

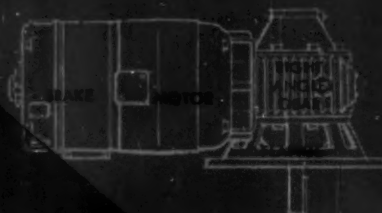
Worried Turkish officials were looking hopefully this week to the proposed "superinch" pipeline to run from the Kirkuk oil fields in Iraq through southeastern Turkey to the Mediterranean port of Iskenderun.

If the oil companies settle on this \$800-million project, Turkey will become a major route for shipping oil to Western Europe—and bypassing the Arab League (BW—Apr. 6 '57, p. 49). And the pipeline might put a strong prop

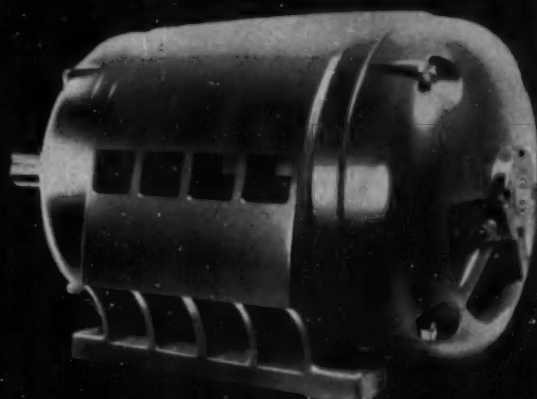
under Turkey's desperately shaky economy.

It would help in a number of ways: new jobs for construction workers; new revenues from the transiting fuels; cheaper fuels—tapped from the pipeline and refined locally—for the nation's fledgling industries.

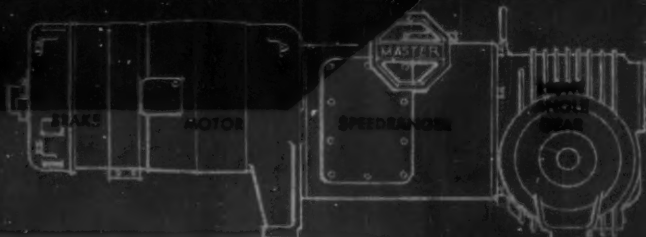
• **Snatching at Straws**—Whether the pipeline would help enough is another question. It's a measure of Turkey's economic straits that, though the proj-



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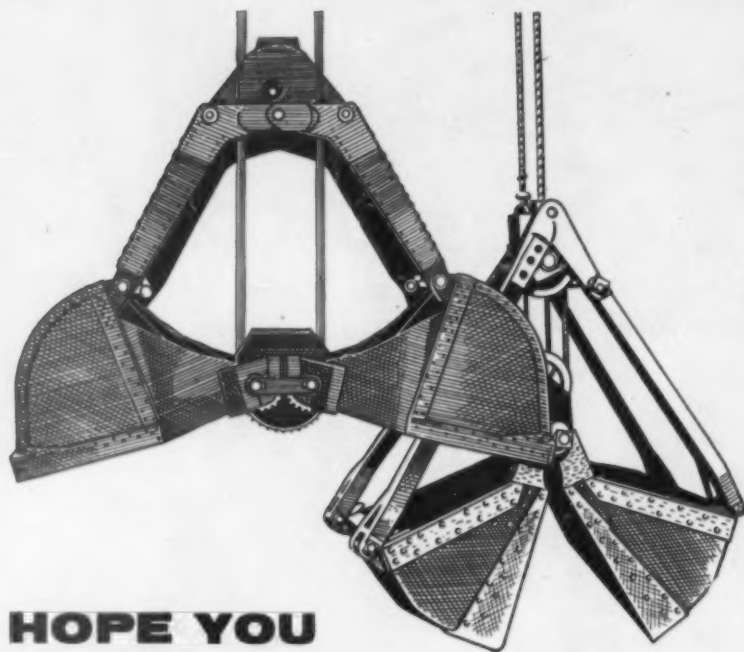
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ect is still only in the talking stage, officials are eying it with serious hope. The nation would grab at almost anything to save it from its near-bankruptcy.

Things are so bad, in fact, that many Washington officials think that it is only Turkey's ultra-strategic position in the Middle East that keeps it on the U. S. aid payroll. The pipeline project serves as one more reminder of how strategic that position is; the West can't do without Turkey.

In the Middle East, the real problem for the West is not finding more oil, but in getting it out safely. The Suez Canal is a question mark. Syria, for one, is a dubious risk as a pipeline "transit" country, what with its sabotaging of the Iraq Petroleum Co. pipe during the heat of the Suez crisis. Turkey looks like a country that can be counted on for shipping out oil.

• **Bastion**—Since the end of World War II, the West has relied on Turkey to help check Russian moves in the Middle East. Back in 1947, the U. S. officially recognized Turkey's strategic position on Russia's southern flank in announcing the Truman Doctrine. Since then, Turkey has become even more important—"the eastern anchor of NATO," in Washington's catch phrase, "and the western anchor of the Baghdad Pact."

As a result, Turkey has won a very sizable amount of U. S. financial aid. A few weeks ago, it celebrated the 10th anniversary of the Truman Doctrine; in this 10 years it has received upwards of \$1.5-billion worth of U. S. grants, loans, and military aid.

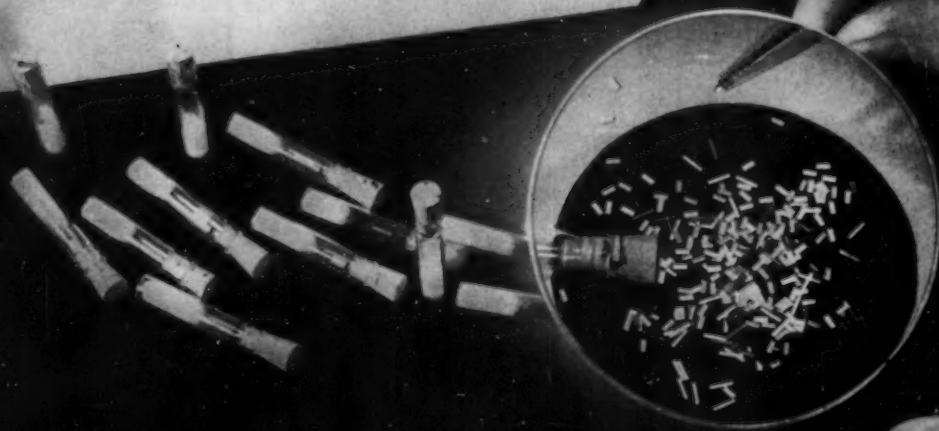
As a military partner, Turkey has done well by the tanks, planes, and equipment the U. S. has supplied. Says one Washington official: "If Russia wants to make a move in the Middle East, it'll have to go around or over Turkey." It is the Middle East's strongest country—with a standing army of around 450,000 men, 2.5-million trained reserves, and nearly 1,000 planes.

• **Old Hates**—Turkey's willingness to keep so large a military force on the ready stems from its centuries-old hatred—and fear—of Russia. What it dreads is Russian subversion in neighboring Arab countries that would ultimately lead to Communist encirclement of Turkey. In fact, Turkish officials often chide the U. S. for playing a much too compromising game with Russia.

Turkey's value as an ally isn't solely military. It is more stable politically than most of its Arab neighbors. The Democratic Party headed by Premier Adnan Menderes, which has held power since 1950, is an odds-on favorite to win a third four-year term in the general elections next spring.

Ataturk's Republican Party, which set the course for Turkey's "westernization" in 1923, is now virtually leaderless and split into factions. But from

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Washington's viewpoint, it wouldn't make much difference if Menderes should lose out to the Republicans. It feels there is little difference between the ideologies of the two main parties. And with third party moves getting nowhere and with Communist propaganda failing to stir up the Kurd tribesmen, it's unlikely that anything will upset the political appcart.

• **Man in a Hurry**—This doesn't mean that Turkey, hopelessly bogged down in feudal conditions until after World War I, is a completely democratic country—far from it. Menderes' jailing of opposition politicians and his muzzling of all public criticism of the government are not very appealing to Western democracies. But U.S. officials who have worked in Ankara explain these strongarm tactics as Menderes' desire to keep in office and make good his ambitious program for developing the country's economy.

Menderes is a man of action rather than reflection, according to men who work with him. He tends to make hasty, impatient, and sometimes bitter political moves. "On economic planning," comments one State Dept. official, "he's the kind of guy who wants to do everything yesterday."

Traditionally, Turkey has been primarily agricultural—exporting tobacco, fruits, cotton, grains, and oil seeds. It has used these to pay for imports of machinery, iron and steel, oil, vehicles, and textiles. Menderes has tried to modernize agricultural methods, to produce consumer and capital goods to save on imports.

• **Rising Aid**—To pay for all this, Menderes has driven a hard bargain with the West: financial aid in return for military and diplomatic support. Aid from the International Cooperation Administration has climbed steadily—except for a slight drop in 1953—from \$58.5-million in 1950 to \$132.1-million in 1956. For the past two years, this aid has emphasized commodities, mostly wheat and corn, to help Turkey survive droughts and crop shortages. The World Bank also has loaned around \$60-million covering port, harbor, industrial, and power projects.

Turkey has plenty to show for all this aid. In many areas new buildings have replaced slums. The highway and railroad network is improving. Production of coal, lignite, copper, and chrome—some for export—is reaching new highs. The Sariyan and Seyhan dams, financed by the World Bank and ICA, are helping power-short regions.

• **Mistakes**—Turkey has boosted its gross national product roughly 40% in six years, but it has gone practically bankrupt in the process. The government has built sugar factories in places where farmers don't grow beets. It has put up factories without power-line con-

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nections. Year by year, the foreign trade imbalance has grown worse—with a minimum of \$250-million in commercial debts piled up now.

The Turkish lira, officially quoted at 2.8, runs at 14 to the dollar on the black market. Because of the government's big role in controlling and operating industries, because of the shortage of dollars for repatriating profits, U.S. and European companies have invested only \$70-million in Turkey since 1950. This year it's likely that Turkish imports will outstrip exports by \$300-million.

As paymaster for this spending spree, the U.S. hasn't been blind to what's happening. Three years ago Washington turned down Menderes' personal request for a \$300-million loan. Many U.S. officials feel that Turkey would be far more successful in its development program if it fixed up old factories rather than build new ones, if it put more money into forest improvements and simple farming techniques rather than more grandiose public works.

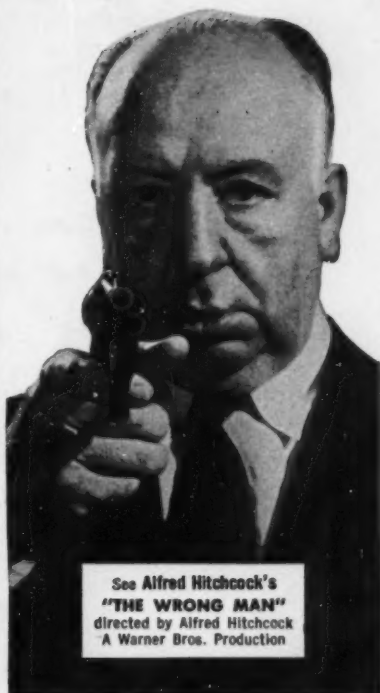
• **Polite Hint**—It's true, Washington feels, that as an underdeveloped country trying to pull itself up by the bootstraps, Turkey has hit "about par for the course"—with no worse record of squandering and graft than other countries in a similar situation. But while former Rep. James P. Richards, special envoy for Pres. Eisenhower, may promise Turkey new aid as a member of the Baghdad Pact, he undoubtedly will tell Menderes—diplomatically—to put his house in order.

Already there are some signs that Turkey is trying to retrench. It's talking less about farm subsidies, more about tighter credit controls. It is gradually rewriting its investment laws to attract more private foreign capital. It is beginning to put more of its aid money into training skilled workers.

• **Oil Boom**—Since the Suez crisis, Turkey has seen an oil boom inside its borders. Companies such as Socony Mobil, Caltex, Shell, British Petroleum, and Gilliland have already spent \$1-million in oil exploration. Experts believe the country has large oil reserves. Exploiting them could save Turkey a lot on the \$200-million it spends yearly for petroleum imports. Again, the proposed pipeline to Iskenderun could be a windfall.

Many economists say that unless Turkey revalues its currency and cuts back imports, there won't be any end to the crippling inflation. Yet Turkish officials and businessmen are optimistic. Says one: "We've made mistakes. So what if some of our cement factories aren't near raw materials or markets. And maybe there aren't enough cattle for our new slaughterhouses. We will have to tighten our belts a little. But the future is bright." **END**

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# In Business Abroad

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## Fiat Ups Capitalization in Push To Cash In on U.S. Car Market

Fiat—Italy's vast automobile and steel company—has announced an increase in its capitalization from \$122-million to \$150-million. The need for new capital is pointed up by Fiat's plans to expand production—aimed at a big push in overseas markets and a man-sized try at the U.S.

Like every other European small car producer, Fiat has been watching the German Volkswagen's success here with green-eyed envy. The company—which produced the Topolino, Europe's Model T—has two small cars that it thinks are candidates for American marketing. One is the little Seicento—a model with a rear-mounted, air-cooled engine, competitive with Volkswagen in other markets. The other is the Millecento, a four-cylinder job, high in compression and low in gas consumption, which also comes in a sports version with a removable plastic roof.

Fiat has made an arrangement with Hoffman Motors to introduce the cars in New York and Los Angeles—the two big foreign car markets. But the whole operation will apparently be on a modest scale until the Turin GHQ gets a good indication that big possibilities lie ahead.

• • •

## Britons Win Order to Build Rubber Tire Factory for Soviets

A British consortium has snagged a \$34-million order to build a complete rubber tire factory for the Russians. Five British rubber machinery companies signed a letter of intent in Moscow with Soviet representatives last weekend.

The survey and plans for the factory, being drawn by Dunlop Advisory Service, will take about six months. But the Russians are so anxious to get the whole project under way that machinery is being assembled before the complete project is blueprinted.

Besides Dunlop Advisory Service, other members of the consortium are: David Bridge & Co., Francis Shaw & Co., Ltd., Crompton Parkinson, and Dunlop Rubber Co.

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## Canada Dry Wins Entree to Japan Ahead of U.S. Soft Drink Rivals

Adam Consolidated Industries has announced the formation of a joint company with Nippon Breweries, Ltd., of Tokyo to make and sell Canada Dry beverages in Japan. Adam has scored two hits with the project: It's overcome the usual Tokyo reluctance to let foreign

investors in, and managed it ahead of the other U.S. carbonated beverage outfits. The new company is called International Beverage Co., Ltd.

Nippon Breweries is an old, established Japanese company that held a major share of the prewar market. It has four soft-drink plants, where the Canada Dry beverages will be produced. Up to now, products of Canada Dry and its Yankee competitors have been sold in Japan only on U.S. military reservations.

• • •

## Amid Currency Woes, Brazil's Congress Votes Itself Auto Import Privileges

The kind of discipline that Brazil needs to overcome its chronic currency and foreign exchange problems was demonstrated once again last week—by a negative example. The Congress overruled a presidential veto and voted its members the right to import cars free of exchange restrictions. The imports are restricted to cars selling for under \$3,000, but these, in turn, sell inside Brazil for as much as \$12,000.

Furthermore, the whole traffic—which is an old Brazilian story—will get an added fillip from the fact that each congressman's two congressional "alternates" also get the privilege. Wise Cariocas say that the congressmen will be diplomatically ill just long enough to allow the alternates to serve, thus qualifying them to import cars.

All this means, according to the Rio foreign exchange experts, that the dollar is going to jump back up in its relation to the cruzeiro. That's what government economists have been trying to stop.

Some lawyers in both Rio and Sao Paulo are reported busy figuring a way to challenge the whole issue in the courts, in an effort to squeeze out car importing permits for other classes of government employees.

• • •

## Business Abroad Briefs

**Tokyo builds:** Pan American World Airways, Japan Air Lines, and private Japanese business interests plan a new \$8.5-million hotel in Japan's capital. . . . The 12-story Marunouchi Bldg.—one of 500 now going up in Tokyo—will be the sixth largest in the world, according to Japanese sources.

**That fabulous Brazilian expansion:** Two representatives of Convair Div. of General Dynamics Corp. are in Rio preparing for talks with the government on making a Convair-type aircraft locally. . . . Two Brazilian firms have just joined to start producing light planes. . . . During 1956, West Germans invested \$71-million in Brazil, or about a fourth of all the Germans' foreign investment. It will be more this year.

**Nicaragua come-on:** Managua is fishing for new U.S. investment, and has some nibblers at the bait. Clint Murchison, Jr., is reported looking into an expansion of slaughtering and freezing facilities for Nicaragua's cattle industry. Louis Wolfson is expected to arrive shortly to look over the investment picture.



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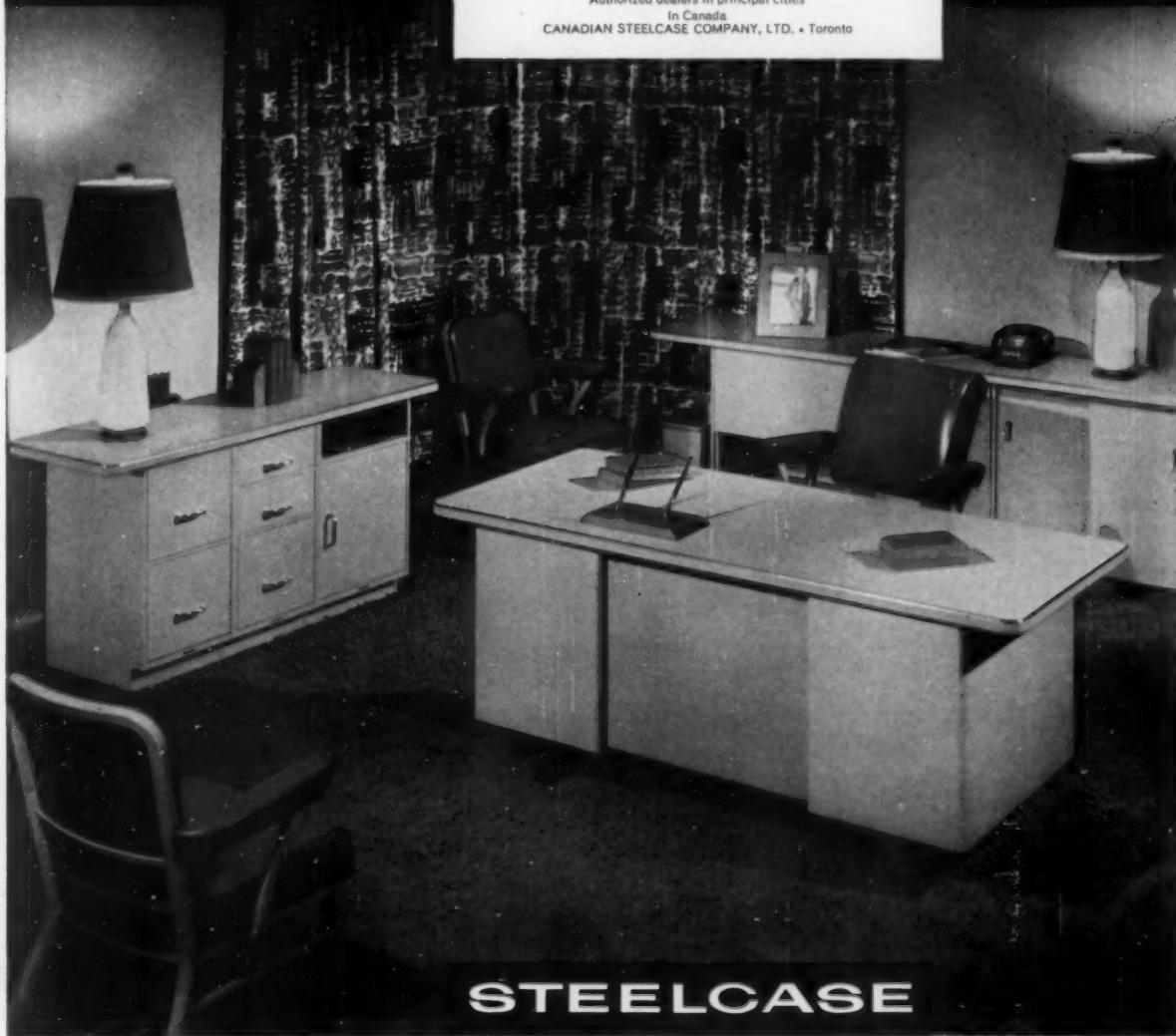
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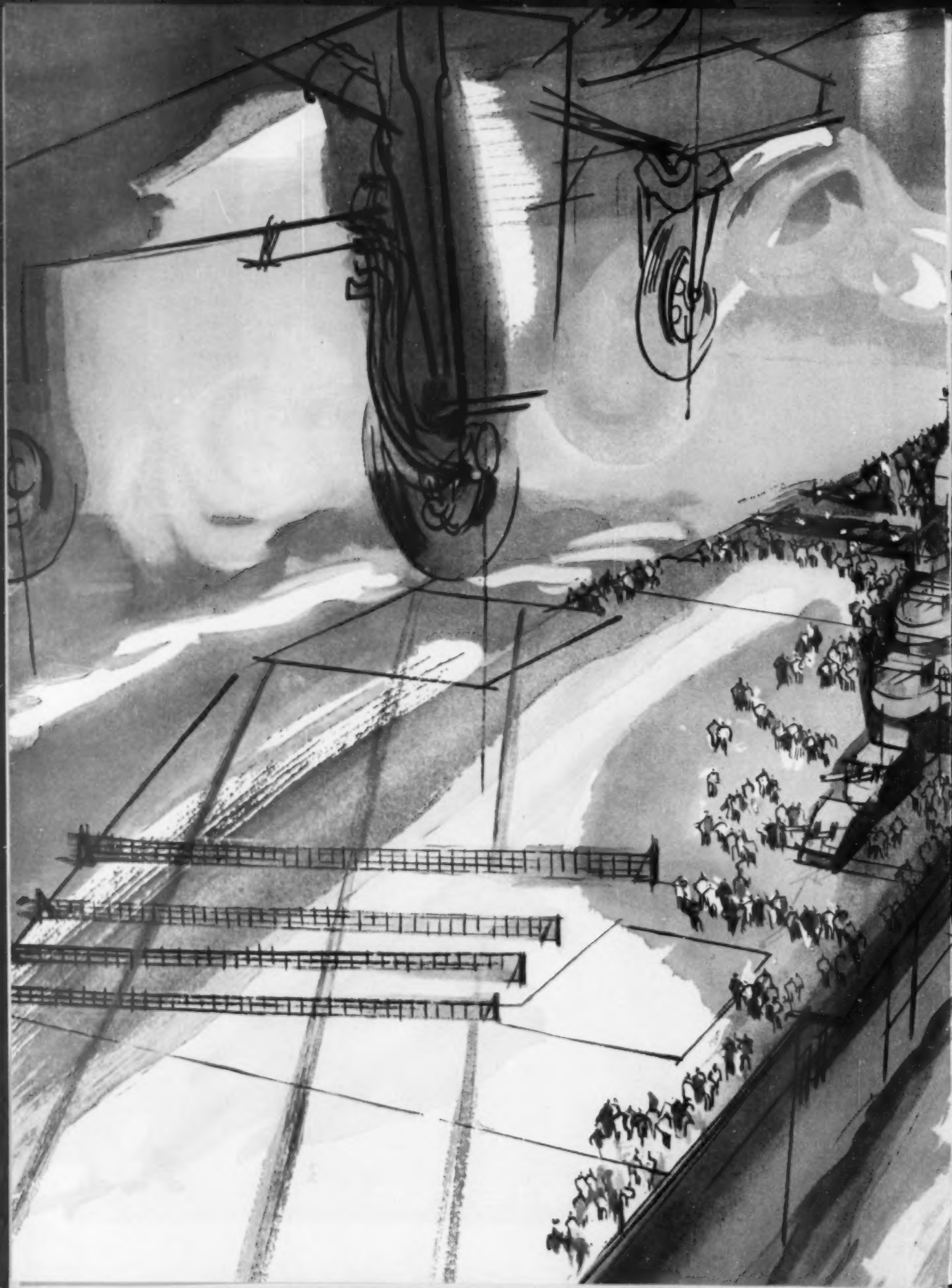
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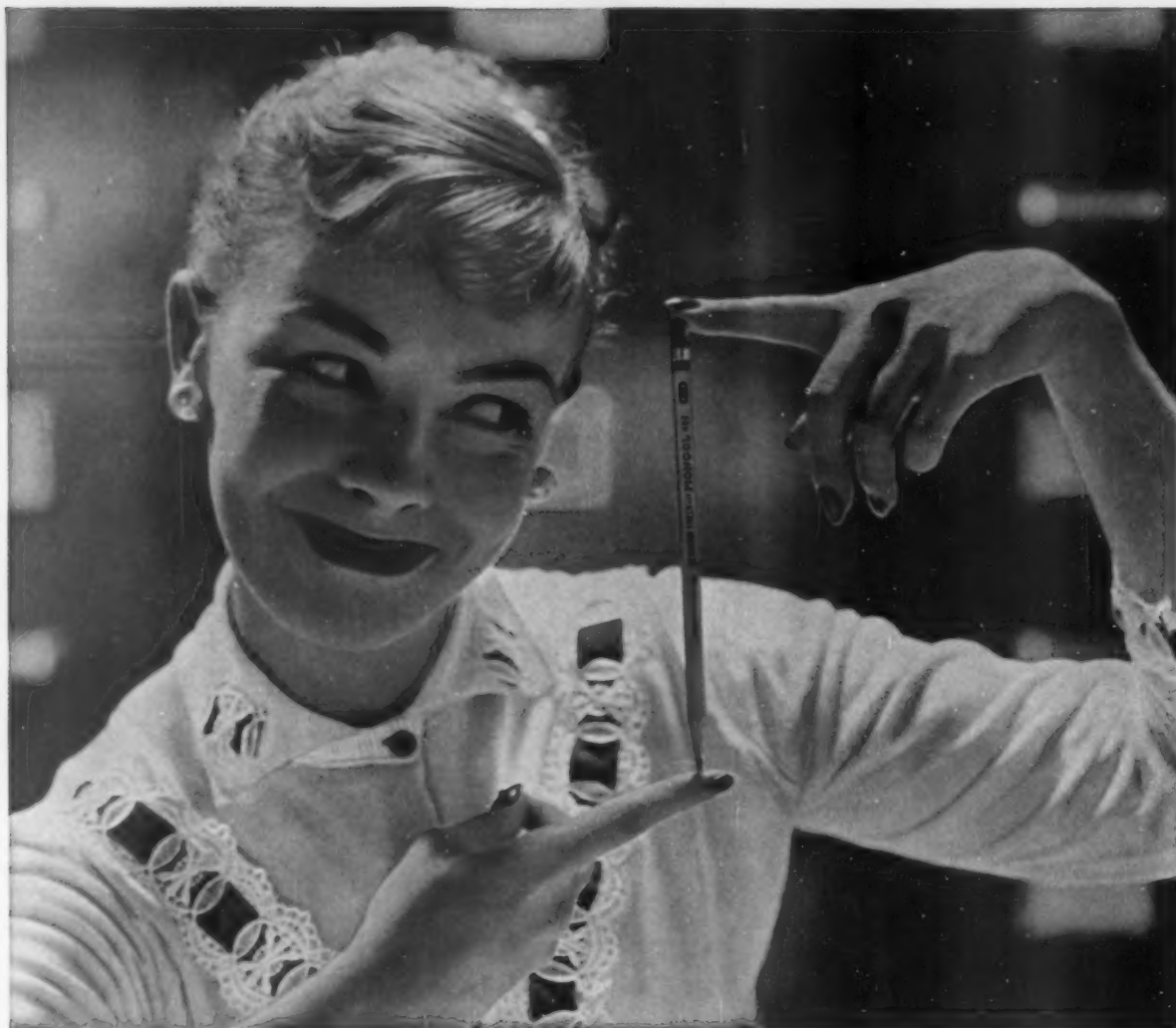
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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

APR. 13, 1957



Pres. Eisenhower is asking Congress for a big change in the foreign aid program—the biggest since the program began in 1948.

By pushing for a complete overhaul, Eisenhower hopes to make foreign aid more palatable to economy-minded congressmen. He also wants to make it a more effective instrument of U.S. foreign policy.

Here's what the Administration is asking Congress to do:

- Put all military aid, plus economic aid geared directly to allied defense efforts, into the regular defense budget.
- Shift the bulk of economic development assistance onto a long-term loan basis by setting up a special revolving fund.
- Cut economic grants to a maximum of \$500-million a year, including \$150-million for technical assistance.

The shift would put military aid, defense support assistance, and economic development loans all on a permanent basis.

The first two types of aid, as part of the defense budget, automatically would be authorized on a continuing basis. The loan fund, too, would be authorized for three or four years. Only the economic grant aid would have to be approved every year by Congress.

This way, the Administration would have a lot more freedom for long-term programing. And the time-consuming annual fight with Congress would be largely avoided.

The proposed loan fund is the most radical innovation.

There is no blueprint for this fund as yet. But current thinking calls for an initial appropriation this year of up to \$700-million—plus authorization from Congress to draw \$750-million a year from the Treasury for three more years.

Loans would be for a period of up to 40 years, with interest at 3% if repaid in dollars and 4% if repaid in local currency. (The borrower would have the option.)

In theory, the loan fund would revolve with the money that comes back as loans are repaid. But there wouldn't be much revolving for some years. And that means the Administration would have to ask for additional lending authority every few years.

While grant-aid programs are being put on a loan basis, there's bound to be a difficult transitional period. Officials still haven't figured out how they will convert some of the big grant operations, such as the special \$400-million Middle East aid program. U.S. allies in Asia, such as Korea and Pakistan, may object at having to take a big slice of their aid in loans.

The size of the aid program won't be much affected by the new proposals. For example, the total amount of economic assistance available in fiscal 1958 will be about the same as under the old program.

First reaction from Congress has been moderately favorable. It looks as though foreign aid now has a better chance of escaping deep cuts. The

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

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outcome will depend partly on the way Christian Herter, the new Under Secretary of State, handles things on Capitol Hill. Herter worked closely with Eisenhower on the revision and is slated to carry the ball for the Administration.

Things are looking up for the Conservatives in Britain. By acting boldly—on its defense planning and on its budget—the Macmillan government has turned the tide of post-Suez defeatism and healed a threatening split in the Tory party.

The new defense program frankly puts Britain's own economic health ahead of overseas military commitments. And it launches the British, with U.S. help, into a quick transition to a nuclear defense pattern (page 48).

This week's budget involves almost as radical a shift in thinking. Chancellor of the Exchequer Peter Thorneycroft gave tax relief to surtax payers (from £2,000 income up) and not to lower income earners. Thus, for the first time since the war, incentives have been put ahead of "equality."

Thorneycroft's budget clearly ends the "me too" policy of the Conservatives. Although he cut some sales taxes and reduced the income tax for retired persons, it is the middle class that gets the breaks.

This will put fight into the Tory party—and make party lines in Britain a lot sharper. The Macmillan government will have to prove before the next election that incentives to managers and professional people bring more prosperity to all. If it cannot prove that, it will go down.

One thing the Conservatives can claim credit for is reducing the tax burden on the country, while still maintaining a budget surplus. It's estimated that under the new budget taxation will amount to 25% of the gross national product. Under Labor it amounted to about 31%.

There was an economic as well as a political rationale for Thorneycroft's budget. Here is how he reasoned:

- The British economy is in a much sounder position than a year ago. Britain's trade has come into balance, with exports expanding and imports checked. The recent strain on sterling came from the capital account side. If confidence in sterling returns, London should pick up a considerable amount of hard money.

- Industrial production has stood still for eighteen months. In this period, there has been a large scale shift of resources to the strongest export industries—which is good. But now there must be an expansion in overall production to offset the widespread wage increases that are now pending. If the tax cuts encourage such an expansion they will actually lessen the danger of renewed inflation.

- The stage is set for a strong British recovery. In fact, it already has started—and the London stock market has anticipated it. There has been a brisk bull market for industrial stocks—despite falling profits, a strike wave, the aftermath of Suez, and a contrary trend on Wall Street.

Inflation, of course, still remains a threat to the British economy. If expanding business activity doesn't quickly push up productivity, there are bound to be price increases. Britain can't stand more than a minor price rise, even though American and German prices also are rising.



GENERAL ELECTRIC GEAR MOTORS GIVE . . .

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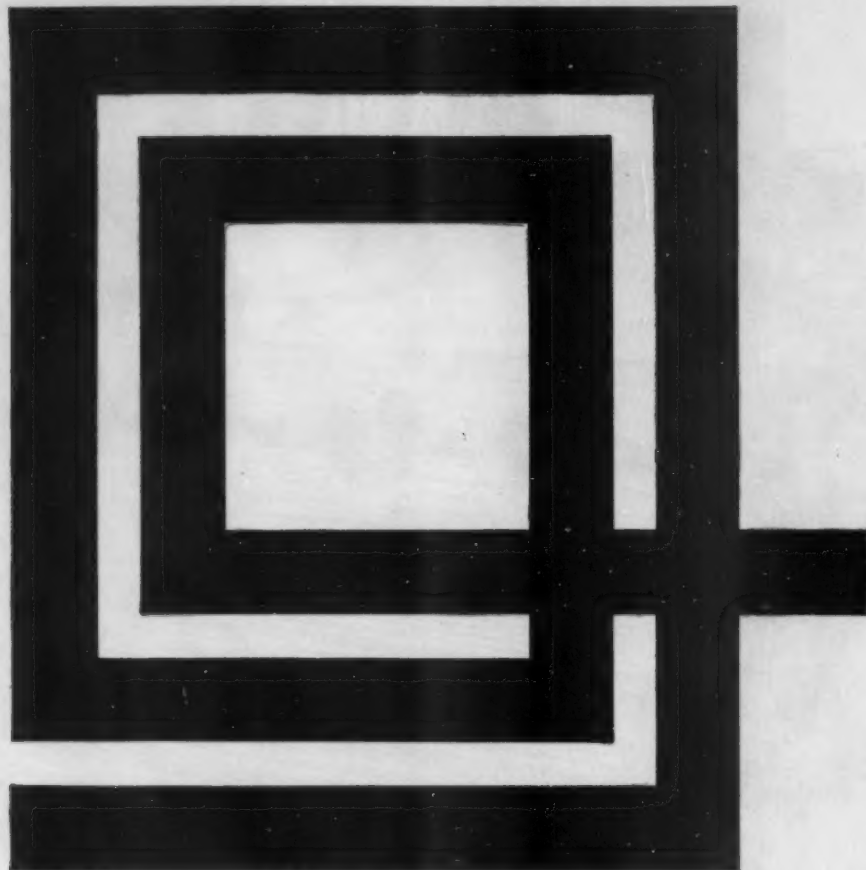
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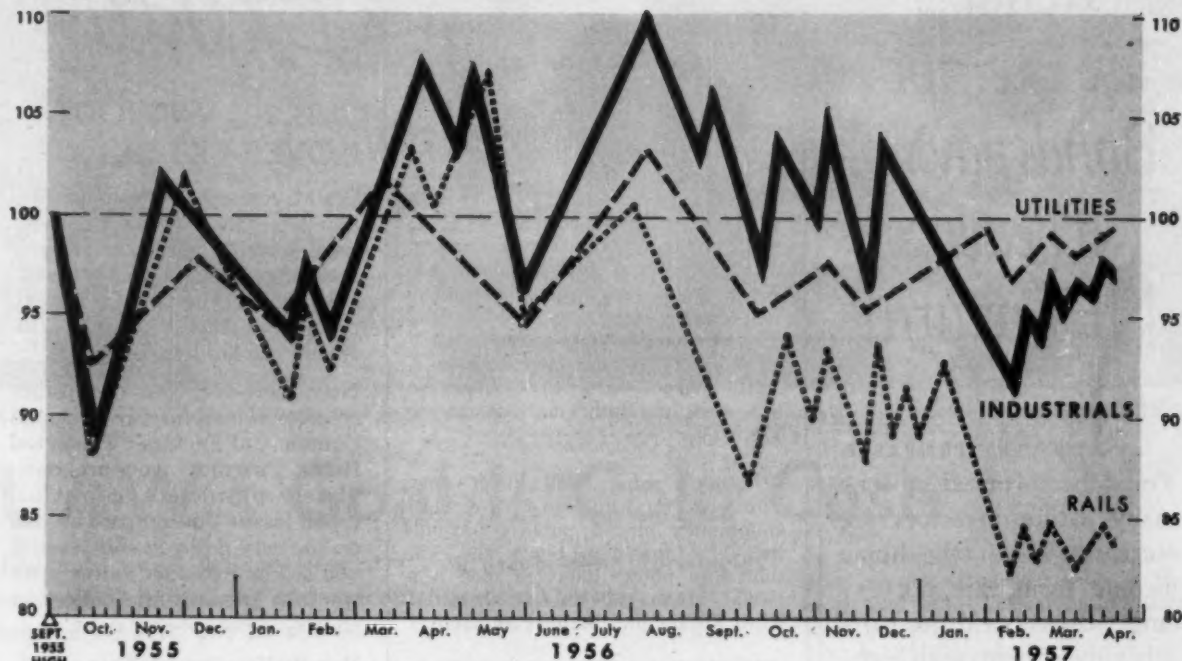
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## THE MARKETS

### The Post Heart Attack Market

Sept. 1955 "Pre-Heart Attack" High=100



Data: Major Swings in Standard & Poor's Daily Stock Price Indexes.

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## Another Try at a Real Rally

For the second week in a row, Wall Street bulls rejoiced in a price upswing with good volume. But this week, they're wary, for last week's fireworks fizzled out as profit-taking evaporated much of the gain.

Tuesday, the stock market suddenly exploded on the upside with the loudest bang recorded on Wall Street seismographs in many a moon.

Many common stocks went up sharply, particularly in such traditional bellwether groups as the steels (Bethlehem, up \$2.12), chemicals (du Pont, up \$3.15), and oils (Amerada Petroleum, up \$2.62).

• **Well Distributed**—But the "big name" shares, though figuring prominently in the rise, didn't provide the bulk of the advances. Actually, more than half the individual issues traded that day showed plus signs. Less than 27% lost ground. While 25 issues registered new 1957 lows, almost three times that number chalked up new highs for the year.

To make matters even nicer, as prices rose on Tuesday, so did market activity—and sharply. Big Board trading volume zoomed some 25% above its Monday level to 2.4-million shares—highest daily

total recorded since mid-February, when stocks were being pushed down to their lowest levels since the 1955 "heart attack" sell-off (chart).

• **Letdown**—What happened, incidentally, couldn't have come at a better time where Wall Street's bullish brethren were concerned. Last week, they had been greatly heartened by a similar uprising (BW—Apr. 6 '57, p96), only to be let down abruptly, with a feeling of chagrin at having been "sucked in" so completely by the signs of basic strength they thought they had discerned.

Last week's initially-promising rally lasted hardly two days, then petered out completely for most stocks. It was followed, moreover, by some fairly potent profit-taking operations inspired by the sight of the higher prices it had created. As a result, by the time the bell closed Big Board trading on Monday, Standard & Poor's 425 industrial stock price index had actually lost about half the

gain it had scored in the earlier rally. The companion index for rail stocks was actually below its start-of-the-rally level.

• **How Solid?**—Thus, the big question at midweek was this: Will Tuesday's bullish uprising prove to be any more basically "solid" than last week's?

In Wednesday's Big Board performance were signs that the latest rally may prove to be somewhat longer-lasting than its predecessor. From the start of trading on Wednesday, prices generally showed as much strength as that evidenced during the first day of the rally. Trading volume, moreover, moved up to almost 3-million shares.

• **Wary Traders**—This time, though, Wall Streeters were wary about predicting a solid rally. It was a case of "once burned, twice shy."

Among the substantial number of doubting Thomases, none denied the possibility that some favorable fundamentals might well be involved in this week's sharp price jump. However, it was also generally agreed that the sharp upswing could be completely accounted for by mere technical factors.

Thus, many brokers frankly admitted that—for a time, anyway—they intend to keep their fingers crossed. **END**

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## Wall St. Talks ...

... about Lukens Steel  
... European offerings ...  
1957 dividends ... copper  
... new Wolfson coup.

Lukens Steel Co. stock, recently the most spectacular Big Board actor, is continuing its pyrotechnics. Last week, it zoomed \$10.50 to \$73.27 (60% above its 1957 low, 422% above its 1956 low), then plummeted \$8.25 to \$65.12 following an official first-quarter earnings estimate that was good but far less gaudy than had been rumored. Last Tuesday there were more fireworks, this time on the upside. Actual first-quarter earnings were announced—80% better than implied in the estimate. So the stock promptly shot up \$8 to \$76.37.

Europe's using Wall Street now. This week, the European Coal & Steel Community offered publicly \$35-million 5½% long-term bonds and 5% short-term notes. Expected soon is a public offering of 400,643 shares of KLM Royal Dutch Airlines common.

Dividends for 1957 will about equal "last year's level, perhaps dropping slightly lower," Standard & Poor's Corp. estimates. Reasons behind this guess: "Foremost is the fact that corporate profits are currently on a plateau." Corporations also "are becoming hard pressed for cash" and "generally seem to have gone about as far as they reasonably can towards liberalizing their payout ratio."

Copper's recent price drop is already having serious repercussions within the trade. Phelps Dodge Corp., second-largest domestic producer, reportedly earned only \$15.3-million in the first quarter—about 40% less than in January-March, 1956.

Another Wolfson coup? A group headed by Alexander Rittmaster, close associate of Louis E. Wolfson, has just elected a majority of Scullin Steel's directors. Rittmaster says his group, which includes Wolfson, now owns 40% of Scullin's stock. He won't say how big Wolfson's holdings are.

Transportation revenue is running behind schedule. New York Central's first-quarter earnings dropped 34% under their 1956 level; Illinois Central's similar net was down 20%; and United Air Lines warned stockholders this week to expect a 30% drop in 1957 profits, unless a fare increase comes through soon.

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UAW CONVENTION in Atlantic City hears an address by Pres. Walter Reuther, who called for "substantial" pay boosts in 1958.

## UAW's Goal Is Cold Cash

**The auto union will put less stress on establishing "principles" in the 1958 bargaining and concentrate almost entirely on fattening the workers' pay envelopes.**

The United Auto Workers, proud of its long record of establishing "principles" in collective bargaining—pensions, supplementary unemployment pay, automatic improvement factor raises, and the like—may be getting a little weary of leading the parade. In next year's bargaining, UAW is shooting for cash first, a principle second.

That was apparent this week at UAW's biennial convention in Atlantic City. Walter P. Reuther bluntly reported that as a result of UAW's concentration on pioneering, "wage increases in our industries, although substantially in advance of those for manufacturing industries generally, have fallen behind the level where they should be."

• **Concentration on Cash**—Accordingly, it was a cash-hungry convention. The only real matters of extended discussion concerned money—the collective bargaining program for 1958 calling for "substantial" wage increases, and a proposal for increasing dues to enable international employees to get wage increases and broaden their services.

And in perhaps the quietest, most obedient UAW convention on record, both the bargaining program and the monthly dues increase of 50¢ were adopted. Even when the delegates got around to talking about the shorter work week, another announced major goal, it was in terms of 40 hours pay for fewer hours of work.

• **Formula for Shorter Week**—The bar-

gaining goals for 1958 (BW—Apr. 6 '57, p153) were sketched only in broadest outline. A special convention was approved for next January to fix details. But circulating around the convention was one suggested formula of how a shorter work week could be achieved "painlessly" over a period of years.

According to some Eastern delegates, Reuther some time back explained to them that one way to work toward a shorter week would be to tie it to the annual improvement factor.

The present annual improvement factor is a 24% wage increase (or six cents an hour). In addition to the wage being increased, it was suggested the number of hours worked annually could be decreased by 24%. While during the first year this would mean only one hour a week lopped off, at the end of eight years the work week would be down to 32 hours, or four eight-hour days—which seems to be more popular than five six-hour days.

UAW researchers insist that this is merely a theoretical approach and has not been considered, let alone adopted, by the union's experts.

Nevertheless, some of the delegates in Atlantic City this week felt that it, or some similar approach, would be proposed in the 1958 bargaining.

• **Joint Study Asked**—As expected, included in the resolution recommending the 1958 program was a call for auto management to "join with our union in establishing a joint study committee

to explore the many phases of the problems related to the reduction of the work week and the expansion of purchasing power." This is the usual approach of UAW, also tried in advance of the 1955 negotiations—and always resisted by management.

In preparation for the 1955 bargaining, UAW appointed an outside study committee on the guaranteed annual wage. Repeated references this week by UAW officials to the technical problems of establishing a shorter work week pointed toward the setting up of a similar committee to ponder ways to achieve the shorter week.

Leonard Woodcock, UAW vice-president for the General Motors and Aircraft Depts., for instance, said: "We hope employers have the social wisdom to sit down and study the problem, for the technical details are many and difficult."

• **Dues Increase**—The militancy so obvious at previous UAW conventions was missing this year. Greatest debate was over the dues increase, but the opposition was not concentrated on a single point against the increase.

For months, the major opposition was centered in Ford Local 600 and its president, Carl Stellato, who argued that dues should be raised only to increase the strike fund—and then only if strike benefits would be paid equally to all workers on strike, instead of only on a basis of need.

When the union's administration went on record for a "crash" program to raise a greater strike fund next year and for payment of strike benefits as a matter of right, beginning in 1958, it damped down Local 600's fire. **END**

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## "Hot Cargo" . . .

. . . provision heads for courts as ICC examiner upholds non-union company's charge against truckers.

A favorite organizing device of the International Brotherhood of Teamsters was threatened with extinction this week. The blow came in an Interstate Commerce Commission case centering on "hot cargo" clauses used by the union to pressure employers into signing collective bargaining agreements. Under a typical "hot cargo" provision, an employer agrees with the union not to accept goods from truckers the union considers "unfair." These may be either non-union firms or companies having labor trouble.

In the case decided this week, Galveston Trucking Lines brought charges against 14 trucking companies, but not against the Teamsters directly, for refusal to handle Galveston's goods in keeping with a "hot cargo" clause. An ICC examiner ruled that a company refusing to handle properly presented cargo should not be entitled to a common carrier permit. ICC itself will review the findings, the first in which it has met the issue head-on.

• **Union Demands**—Trouble for Galveston began in Oklahoma when the Teamsters demanded that the non-union company join a trucking association and sign a union contract. Galveston refused. The Teamsters then branded the company "unfair" and reminded the other members of the association of the "hot cargo" provision in their labor agreements.

As a result, the other companies refused to accept any shipments from Galveston. This placed severe pressure on Galveston, since it is licensed to operate only in Texas and Oklahoma. This meant that when other companies wouldn't take goods destined for outside the two-state area, Galveston was restricted to handling only goods moving within the two states.

• **Countercharge**—Galveston filed suit in federal court, brought unfair charges before the National Labor Relations Board, and started the ICC case. It charged that as common carriers, the other members of the trucking association couldn't refuse to accept cargo if it was properly presented. The ICC examiner agreed with that reasoning this week.

He pointed out, however, that he was not ruling on the legality of the "hot cargo" clause, only on the duty of a common carrier to the public. The "hot cargo" question is certain to come before the U.S. Supreme Court.

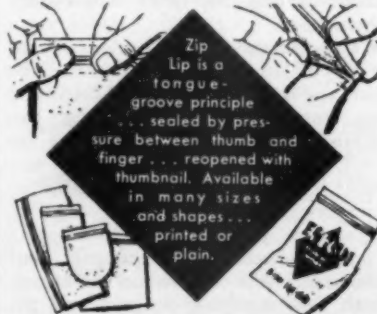


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## UAW Gets Tough

Threat to halt overtime at Chrysler and to authorize a strike points to a bitter showdown with the company.

The United Auto Workers' threat to stop all overtime work at Chrysler, and to authorize a strike that would shut down all Chrysler operations, is a clear sign that relations between the union and the country's third largest auto producer have come to a turning point. It is the union's way of forcing an issue involving Chrysler's entire conduct of labor relations—an issue that extends back to the 1950 strike.

This was plain this week in the grim face and tone of Norman Matthews, director of the union's Chrysler Dept., when he announced in Atlantic City that a meeting of local presidents had decided to end overtime by Chrysler workers. Regarding UAW relations with Chrysler, Matthews said, "I personally have got to the end of the road."

Chrysler declined to comment on UAW threats.

• **Violation**—Matthews conceded that what Chrysler local presidents proposed was a contract violation. Obviously, UAW was willing to risk possible law suits or complaints to the National Labor Relations Board in a bold pressure move against Chrysler. The immediate action wanted, of course, was settlement of the one strike going on at midweek—that of Local 230 at Los Angeles—and settlement of grievances, all on work standards, pending at other plants.

A strike already has been authorized for Chrysler Local 490, the Highland Park Parts Plant, and another will be authorized for Local 47, the Dodge Forge Plant, if requested, Matthews said. Closing the Dodge Forge Plant would soon result in a corporation-wide shutdown.

The basic trouble at all the plants is the new set of work standards adopted at the start of production of 1957 models last fall. In broad terms, these are supposed to let Chrysler turn out more cars with fewer people.

Since they have been in effect, about 20,000 Chrysler workers have been let go, due to production cutbacks. Chances are, even with these people back on assembly lines, overtime still would be necessary to catch up once the corporation starts cutting its backlog. But what the Chrysler local leaders see is 20,000 Chrysler workers laid off and the others working overtime. That's why they demand that overtime be

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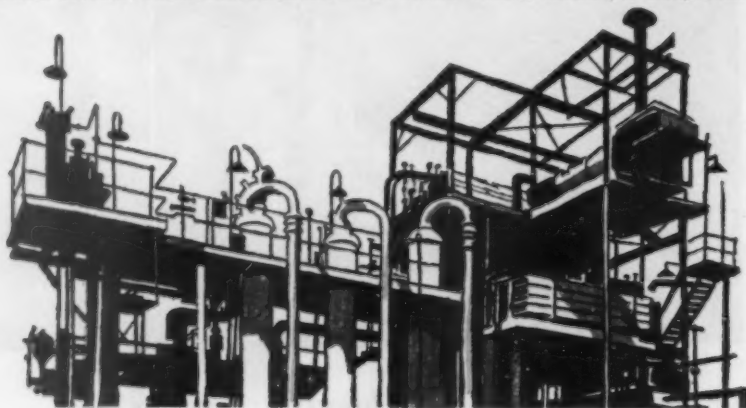
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ended. The workers still on the job raise the familiar cry of speed-up.

• **Basic Relations**—Where the immediate objective of the union can easily be stated, the permanent, long-range goal is far more difficult to achieve. It involves Chrysler top management. UAW is not satisfied with Chrysler's present basic philosophy and conduct of industrial relations. The dissatisfaction is not only a matter of principles but also of personalities.

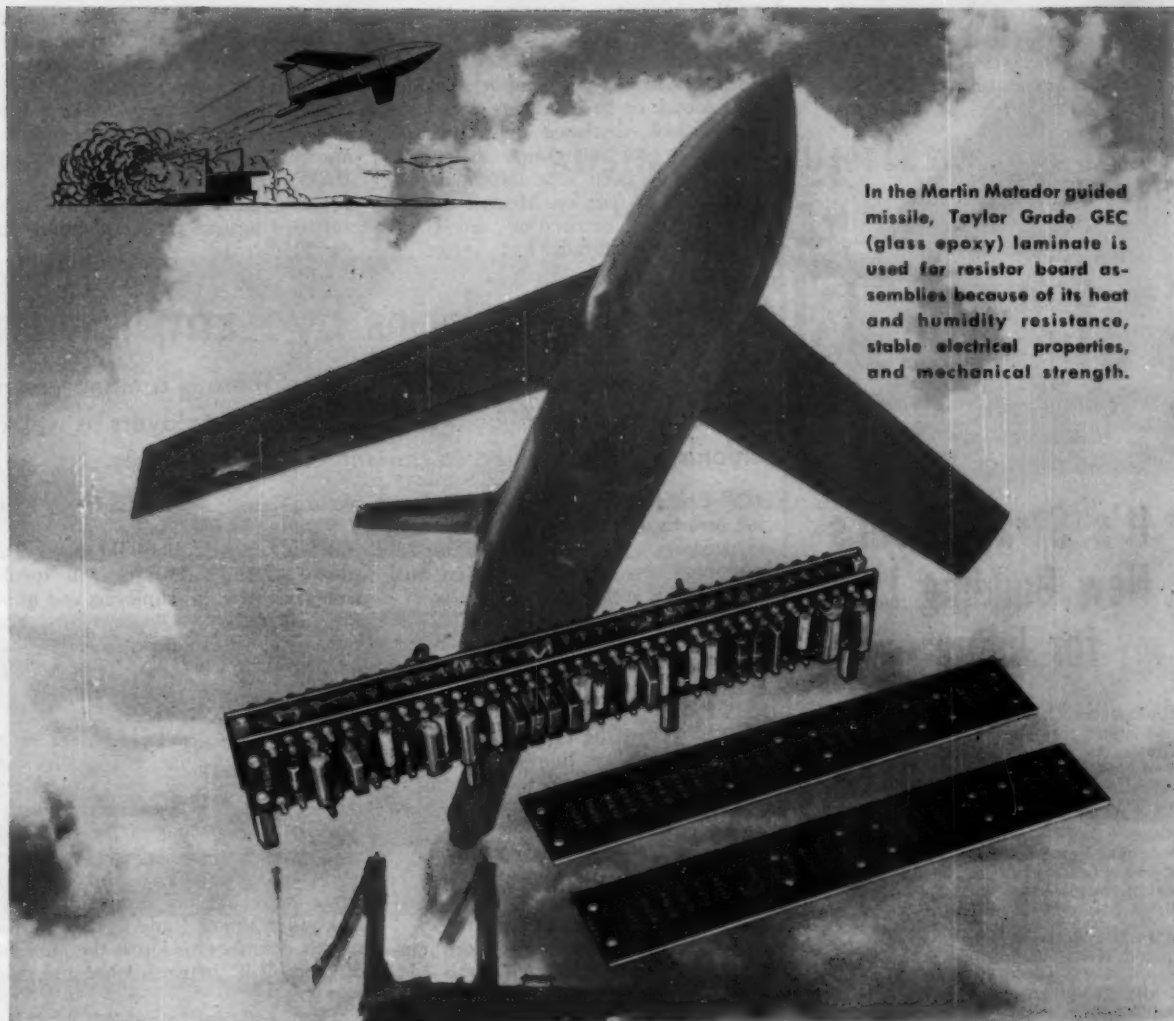
Since 1950 Chrysler has had the poorest relations with UAW of any company in Detroit, in the view of union officials. For a time relations appeared to be improving, when corporation president L. L. Colbert was personally active in discussions with UAW. But this week, Matthews' bitter words indicated that nothing really has changed—and that there must be basic changes at Chrysler before UAW is willing to soften its tactics.

• **Permanent Harm**—The no-overtime edict and threat to strike the forge shop show how insistent UAW is for a final settlement with Chrysler. To shut down all production at this time would be running a grave risk of permanently damaging Chrysler. With a poor earnings record in 1956, Chrysler officials are counting on a whopping return during 1957 to amortize tooling and provide funds for plant modernization or expansion. Ford and General Motors experts who have analyzed Chrysler car prices for 1957 claim that Chrysler prices are set on the expectation of sales continuing at the first-quarter rate, at least—roughly 20% of industry sales. Any production loss would be serious.

In addition to that risk, the individual local presidents who urged the end of overtime run a personal political risk. The overtime premium pay is popular with workers. Any local president who is involved in cutting it off might have an uphill fight for reelection. They, of course, know this—which is another indication of the union's earnestness.

The developments this week are the aftermath of what UAW considers a "near-incredible" public relations and labor relations action by Chrysler.

• **Work Standards**—Chrysler for years has had less rigid work standards than either Ford or General Motors, which is a major factor in Chrysler's low-profit-to-sales ratio. In preparing for production of its 1957 line of cars, Chrysler officials last summer told international union officials that work standards were going to be drastically tightened, along GM and Ford lines. UAW officials listened, then said that if such a step would increase Chrysler's earning power without harming the earning power of Chrysler workers it would be acceptable to the international—but would have to be sold to the locals, since it



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really was not an international union matter.

• **Impression**—A month ago, Frank Misch, Chrysler vice-president-finance, in a speech on the company's encouraging outlook, discussed tightened work standards and mentioned that union officials had been kept informed. The interpretation put on Misch's remarks was that the corporation and UAW international officials had agreed to

the changes in the work standards.

This interpretation was denounced irately by UAW officials. A number of UAW locals asked for strike authorizations, and the Los Angeles plant struck. Several Chrysler locals elected anti-administration groups of delegates to the UAW convention. And UAW denounced Chrysler in language it had not used against the corporation since the 1950 strike.

## Rackets Probers Eye Employers

Senate committee is convinced there is a management link to many cases of union racketeering. Employers as well as unionists will be called to answer collusion charges.

The broad sweep of Senate racketeering investigations is beginning to touch management. Pressure is mounting for a probing look into the employers' role in the labor rackets.

Even with the Senate Select Committee in recess, more and more evidence is pouring in—letters indicating everything from outright union graft to just plain poor management of union affairs. When the eight-man committee, headed by Sen. John L. McClellan, resumes hearings in a week or so, it will have enough material to keep busy for as long as Congress provides the money for its operations.

• **Few Leads**—Not many of the racketeering leads coming in by mail and telephone point to employers.

This doesn't necessarily mean employers are in the clear. Sen. McClellan's investigators are convinced that there is a management link to many cases of union racketeering. If there is, the committee intends to bring the collusion out into the open.

Its staff now is lining up management for its initial appearance before the McClellan investigators when hearings resume.

• **Reasons for Haste**—There are two reasons for doing this without further delays:

• **Organized labor**, and particularly United Auto Workers Pres. Walter Reuther, insists that management should be put on the carpet alongside union officials. Reuther used the UAW's convention rostrum this week to challenge the McClellan committee to investigate employers involved in the deals exposed from the union side.

• **Committee Counsel**—Robert F. Kennedy complains of a lack of cooperation from employers in the investigation so far. Kennedy, who sets the course of the public hearings with the evidence ferreted out in the background investigations, says that "often management would rather have the status quo and make a payoff to maintain it." He

adds: "There is a very thin line between extortion and bribery."

• **Focus of Attention**—In the coming public hearings, charges will involve collusion between employers and union officials in the vending machine business across the country; in garbage collection in New York and Los Angeles; and in construction on Long Island and in a number of major cities.

The role of the management representative, the closest the public hearings have come to the employer, is due for review by committee members. They were suspicious of the testimony of Nathan Shefferman, employer agent who was disclosed as a friend and benefactor of Teamsters Pres. Dave Beck and other union leaders. Shefferman frankly describes his job as the purveyor of "good will" between labor and management.

There was no question that when the McClellan committee started its inquiry labor was to be the main target, even though its title—because of union urging—is the Senate Select Committee on Improper Activities in the Labor or Management Field. Now, as the investigation spreads, its heavy concentration on labor becomes less predictable.

• **Clues**—Kennedy's remark about extortion and bribery offers some clues to his thinking. An employer is involved when a union official gets a payoff—and it's the payoff that's due for attention.

Among the tips coming in to the investigators are many reports of union officials living high on management payoffs. Whether it is extortion, where the union forces the small employer to pay up to avoid organization or a costly contract; or bribery, where the employer initiates or mutually works out a payoff for similar services, management collusion is involved. Under Taft-Hartley, either giving or receiving such a payment is illegal.

• **Employer Reticence**—So far, the committee has received little in the way of voluntary reports from employers on



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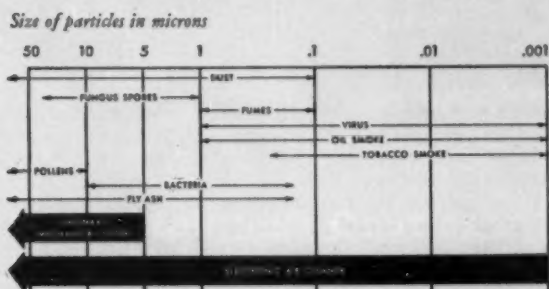
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such practice. An employer, even though a victim of extortion, is unlikely to volunteer the information that he's done something illegal.

Management groups, such as the Chamber of Commerce, are hoping to persuade some employers to tell all, on the theory, as one official put it, that an extortion victim differs from one who offers a bribe. But this will be difficult; even if Dave Beck and other union officials are found guilty, an employer knows his relationship with the union won't change—and if he talks, he may be in trouble.

## U. S. Supreme Court Adds to Teamster Woes

The U. S. Supreme Court put Dave Beck on the spot Monday when, in a brief routine memorandum, it declined to review an appeal filed by four Minneapolis Teamsters officials in the Archer-Daniels-Midland Co. bribery case.

Edward Bennett Williams, Washington attorney who headed the defense for the union leaders, termed the court's action "the end of the line."

What makes the case important for Beck is that the Teamsters leaders convicted of accepting employer payments include Sidney L. Brennan, third international vice-president, and Jack J. Jorgensen, president of the Teamsters Joint Council 32, which represents Minnesota locals with 30,000 members.

• **On the Spot**—Beck has ducked questions on taking disciplinary action against Brennan and Jorgensen in the past by asserting that the case still was on appeal; this avenue now is closed to him. Further, in view of Beck's own distinction between the significance of a Congressional committee and a court of law, he now must put up or shut up about cleaning house within the union.

One remaining excuse for Beck's inaction may be that the company, a leading Minneapolis grain processing firm, has not acted against employer personnel involved in the bribery case. Both the company and James W. Moore, a vice-president, were fined \$10,000; they paid without appeal.

The nub of the case is that the company, with one of its Minneapolis mills under strike by the United Mine Workers, paid Gerald P. Connelly, then a Teamsters official, \$5,000 on Connelly's promise to replace the UMW with a Teamsters local. Of this sum, Connelly gave Brennan, Jorgensen, and Gene Williams, a Teamsters business agent, \$1,000 each.

The Senate Select Committee's agents have cited this case as an example of the deals that an investigation of labor-management collusion may uncover elsewhere (page 160). **END**



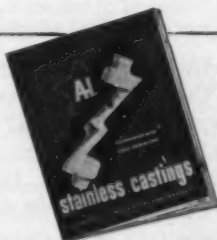
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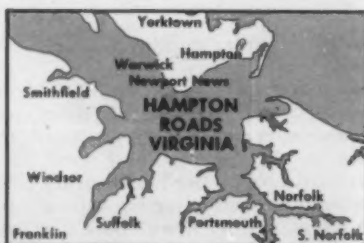
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# In Labor

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## Hormel Scraps Profit-Sharing Plan Because Benefits Are Too Low

Geo. A. Hormel & Co. has abandoned one of two profit-sharing programs covering the company's seven meatpacking plants—but only to make possible increased employee benefits.

Hormel announced last week that it had decided to discontinue its profit-sharing trust that, since 1944, has been the basis for the company's pension plan. The company and union representatives are now considering a new program to assure "more substantial benefits for the vast majority of the company's employees in the future."

Up to now, Hormel has had two profit-sharing plans:

- The profit-sharing trust, under which a percentage of profits has been put into individual retirement accounts annually, on the basis of earned work credits. These accounts have had a \$20,000 limit, and many employees have reached that total.

- The profit-sharing production bonus plan—commonly called Hormel's guaranteed-wage plan, although it isn't exactly that—which provides (1) assured weekly pay, with hours not worked becoming a "pool" to be tapped by the company when overtime work is necessary; (2) group incentives, and (3) an annual bonus, computed on the basis of each employee's total hours worked and paid from a profit-sharing fund.

Only the first of these plans is affected by the company's decision. The second—which pays each employee a substantial cash-in-pocket sum annually—will be continued.

According to Hormel, the profit-sharing trust is being discontinued because a study by an independent actuary indicated that on the basis of past contributions, projected into the future, the plan won't produce "substantial retirement benefits" for all employees. In part, the popular second profit-sharing plan is to blame for that.

When the profit-sharing trust plan was set up in 1944, the drafters figured on an average turnover of employees. However, the Hormel work-assurance program has so stabilized employment that there has been only a small turnover of employees. The plan's drafters also did not contemplate Hormel's continued expansion, through acquisition of new plants and new personnel with long seniority. The combination is the death knell for the present trust plan.

No employee's accrued credits will be reduced in any way in a change to a new plan.

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## ESA Enters the Lists Against UAW Engineers' Local

A fight with some unusual twists is shaping up over collective bargaining rights for some 2,000 Minneapolis-Honeywell Regulator Co. professional and technical em-

ployees. Last month, the Federation of Honeywell Engineers, a union of engineers and technicians at the Minneapolis company, voted to affiliate with the United Auto Workers. A move to decertify FHE as bargaining agent began immediately after a 579 to 116 majority favored joining UAW (BW—Mar. 9 '57, p. 171).

Last week, the Engineers & Scientists of America, a loose federation of independent technical unions with which FHE was formerly affiliated, revealed that it has jumped into the dispute with both feet. Taking note of UAW's desire to use the Honeywell engineers as the springboard for its new Aircraft & Avionics Engineering Council, ESA charged that the council is "not even a paper organization," that UAW has disappointed engineers it now represents.

Foiled by NLRB in an attempt to form quickly a local directly affiliated with ESA, the federation had to fall back on a device it has never used before. ESA will enter its name on the ballot in next fall's election in competition with the UAW local. Since ESA is not a union but a federation of unions, this is comparable to AFL-CIO's putting its name on a ballot.

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## Broad Study of Impact Of Pension Plans Asked

A new call for thorough study of the impact of the mushrooming growth of pension plans on the U. S. economy was sounded this week by the National Bureau of Economic Research, a private organization. It came in a report in which the bureau "sketched with a broad pen" the outlines of the most ambitious pension study yet proposed. NBER's pamphlet lists areas where more facts and analysis are needed.

NBER reports that in 1940 private pension plans had \$1.1-billion in assets. By 1955, this amount had grown to \$25 billion. Estimates from other sources put the amount today at about \$28 billion. Public pension assets are even greater.

Unlike most research plans advanced by other groups, the NBER proposals deal with public pension plans—social security, veterans' pensions, railroad retirement, federal and local government employees' pensions—and not just with private plans. So the bureau's approach covers the whole broad range of possible problems and changes arising from the growth of retirement pay plans.

Among the areas for extensive research suggested by NBER:

- The effect of pension plans on savings. Are people more inclined to spend nearly all they make and to save less because they're protected by pensions in old age?

- The effect of pension plans on the capital markets. What has been the impact of the increased amount of corporate and governmental securities held by self-insured plans?

- The effect of pension plans on labor mobility. Have these plans made people less willing to change jobs? Has the increased cost of pensions for work groups with a high age level stiffened barriers against employment of oldsters?

NBER made its report under a grant from the Life Insurance Assn. of America.

# In Washington

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## Interior's Proposal Rekindles Controversy Over Mining Aid

The controversy over domestic mining policy is getting hotter. Interior Dept. is slated to submit its proposals for a long-range government support program for minerals and mining at the end of this month. The White House asked Interior to draw up a plan three years ago.

One version of Interior's program already has been submitted to the Cabinet—and promptly turned down. It recommended tariff boosts, quotas, price supports, even tax remittances. Budget-minded officials such as Treasury Secy. Humphrey were incensed when they saw it.

Ironically, Assistant Interior Secy. Felix Wormser, charged with the job of drafting that program, is equally opposed on philosophical grounds to most, if not all, government purchase schemes. But he had been criticized by the mining industry for dragging his feet in formulating a program. So he came up with one.

The rejection of his plan by the Cabinet has convinced Wormser he ought to resign, and, if he does, the White House won't stop him.

Sen. James Murray (D-Mont.), chairman of the Senate Interior Committee and an influential spokesman for domestic metal and mineral producers, is ready to introduce a bill calling for tariff hikes and restrictive quotas on competing foreign imports if the rewritten support program fails to satisfy him.

Domestic mining groups are planning to join hands with plywood, chemical, and textile trade industries in backing quota bills for their products. Through log-rolling, there's a chance quota legislation might be passed this year on some items.

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## First the Atom Was Split; Now It's AEC's Turn

It looks as if the Atomic Energy Commission is the victim of a chain reaction. The civilian atom industry is growing so fast AEC's present regulatory machinery may be changed to separate its civilian regulation job from the production of atom materials and bomb building.

Smouldering Congressional discontent over the way AEC has handled recent licensing and regulatory functions was brought to a head this week in a special report by the Joint Committee on Atomic Energy on the need for reorganizing AEC.

The 200-page report contains no specific legislative recommendations. But its conclusion is clear: That reorganization of AEC is a must. For the present, this could be done by revamping the existing divisions of AEC to separate out those in charge of civilian matters. But Washington experts believe that a completely separate

agency eventually will be split off to license and regulate the civilian atomic energy industry.

AEC and the Administration are opposed to a completely separate agency. But AEC Chmn. Lewis Strauss has acknowledged the need for some change and has informed the Joint Committee he is studying some type of internal separation of licensing functions.

The Democrats at the very least want changes that will facilitate later splitting up of AEC. Republicans are in favor of leaving the agency alone for the time being.

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## House Votes \$1.6-Million For Cancer Research

A stepped-up drive to discover chemical cures for cancer (BW-Mar.30'57,p50) got a vote of confidence from Washington this week: The House voted \$1.6-million for the National Cancer Institute to parcel out for research by pharmaceutical companies.

The move to aid cancer research began only a few weeks ago when the Appropriations Committee asked National Institutes of Health officials to suggest how much the government might spend profitably on research contracts. NIH recommended about \$5-million a year to be split among some 10 companies. However, the \$1.6-million is about all that can be spent at the outset.

The Senate and White House are expected to endorse the House's action.

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## High Court Rejects Mineral Claims Of Railroads Along Rights-of-Way

The U.S. Supreme Court this week made a sweeping decision rejecting railroad claims to mineral, oil, and gas deposits lying under thousands of miles of railroad rights-of-way.

The court's decision means railroads have no rights whatever in potentially rich deposits underlying their rights-of-way—sometimes as broad as 400 ft.—which were granted by Congress from 1862 to 1875. However, the new decision has no effect at all on railroad rights to mineral resources under additional large tracts of land on both sides of the right-of-way, given by Congress at the same time as an additional aid to the construction of railroads.

Congress intended, the court said, that no mineral rights were to accrue to railroads, so the Secretary of the Interior at the time had to determine that those "aid to construction" tracts were non-mineral, which he did on the basis of information then available. The rails then were given complete legal title to these off-the-right-of-way grants with no restrictions.

However, rich mineral deposits later were discovered in many of these lands. So as it turned out, the railroads benefited by the Secretary's ruling and retain title to the deposits under these lands.

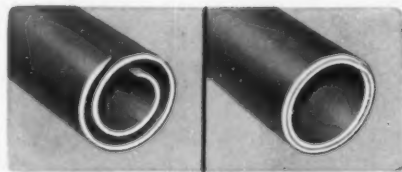
This week's right-of-way decision grew out of a claim by the Union Pacific RR to oil and gas along its right-of-way in Wyoming, acquired under an 1862 law.



Allis-Chalmers Traction Booster System, a fundamental advance in tractor-power application, adds up to 25% to the work capacity of this WD-45 tractor, shown at Wern Dairy Farms, near Waukesha, Wisc. Allis-Chalmers Manufacturing Co., Milwaukee, builds its tractors and other equipment for years of trouble-free service. So naturally, oil, gas, and brake lines are strong, leakproof Bundyweld Tubing.



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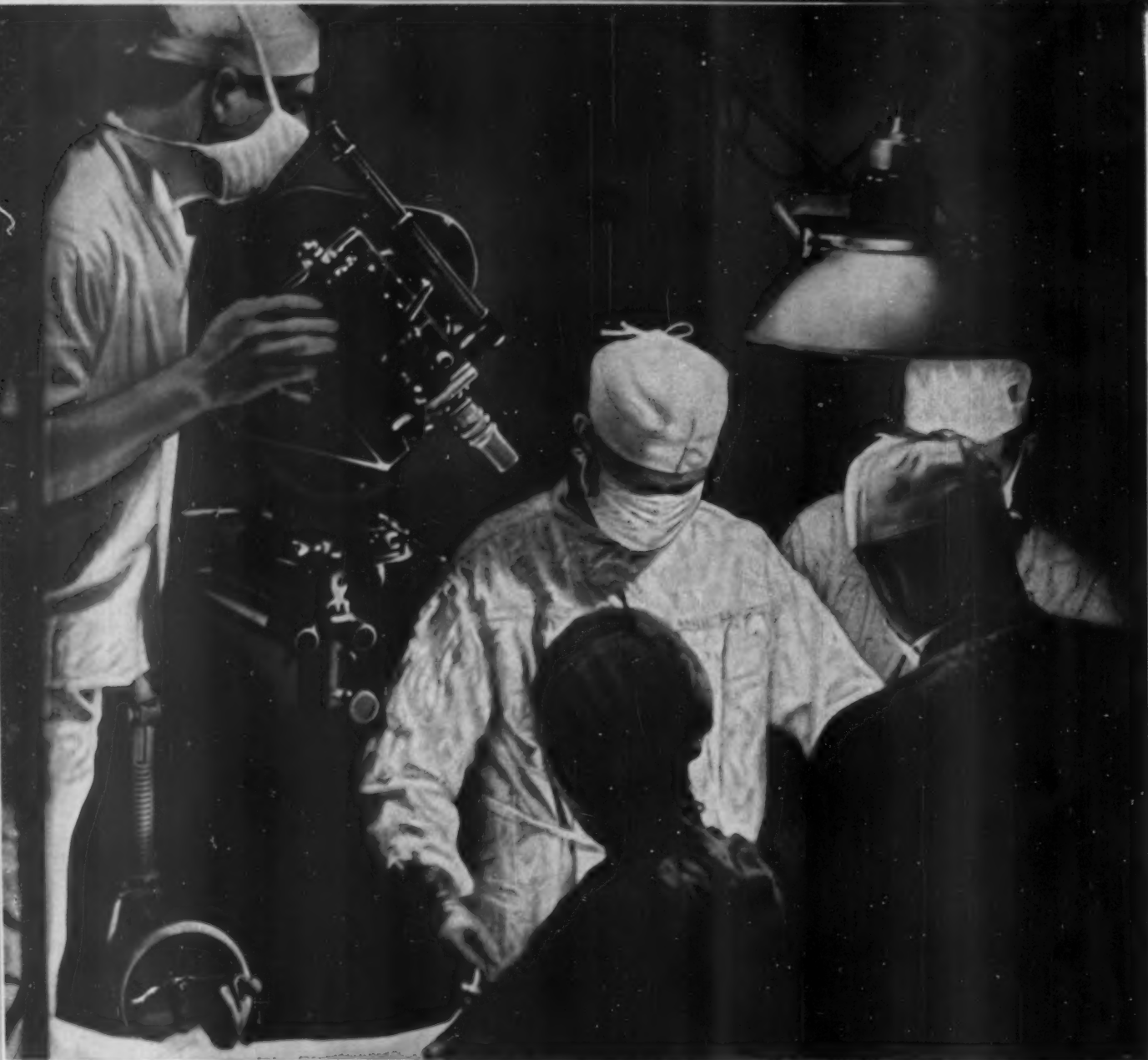
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# PERSONAL BUSINESS

BUSINESS WEEK

APR. 13, 1957



With more people than ever buying works of art these days—chiefly oils, water colors, and prints—you may want to join the collectors' ranks yourself. You might also consider the investment side of collecting.

There are many reasons why people are turning a brighter buying eye to the visual arts. For one thing, good works of art are in better supply than ever before—now you can launch a modest collection of originals without spending too much money. But to most amateur collectors, perhaps the main motivation is to escape what one discreet critic has called "the slightly overmechanized atmosphere in which we live."

Art can provide an outlet for the collector's—as well as the creator's—individuality and imagination.

The investment aspect is present, too—for those who want to build a salable collection of art works, maybe for the benefit of their children or grandchildren. But few nonprofessional collectors really go so far—except in the sense that almost any buyer likes to see his good judgment confirmed by an increase in the value of his purchase. And it's not at all unusual for the value of a new painting to appreciate tenfold in, say, 10 years time.

There's really no mystery to becoming a collector. You can start with a single, inexpensive work and go on from there to build your knowledge and collection, step by step, over the years. One way to begin your education is simply to look at pictures whenever you can—in museums, galleries, traveling exhibitions, and in the homes of friends.

By comparing what you see with what you read in art publications, in time you get to know the periods, schools, and styles of art, the works of individual artists, and relative values and costs. Magazines such as *Art News* and *The Arts* can help. So can books like *ABC for Collectors of American Contemporary Art*, by Baur (Amer. Fed. of Arts, 1954; 25¢).

**One general rule: Concentrate on originals—avoid reproductions.**

Reproductions are cheap (25¢ to \$20)—but not too satisfying. They are synthetic, and they are apt to distort the originals. And they rarely appreciate in value. Originals can be classified roughly as follows:

- **Fine prints**—printed from blocks or plates—are the least expensive originals. So they often make a good starting point for the novice. They come in limited editions, signed by the artist and marked to show the number of the particular print and the total number of impressions made. Originally, prints were all black and white—until Currier and Ives introduced color by handpainting after making the impression. Since prices are relatively low, you don't lose a lot if your first selections are poor.

You'll pay from \$10 to \$150 for the work of a contemporary printmaker, depending on his reputation. Prints of the old masters—such as Durer—run well over \$500. They are hard to find, too. For an over-all view, see *Ten Years of American Prints* by Johnson (Brooklyn Museum, 1956).

- **Drawings**—usually in pen and ink, charcoal, or pencil—are especially interesting if they are sketches from which oils were painted. If the painting increases in stature and value, so does the sketch. Works of younger contemporary Americans range from \$10 to around \$75.

- **Pastels and water colors**—with a technique and lightness of touch all their own—start at perhaps \$30. For the work of contemporaries, they go well beyond \$100. A John Marin, however, can cost \$1,500, and a Winslow Homer as much as \$10,000.



# PERSONAL BUSINESS (Continued)

BUSINESS WEEK

APR. 13, 1957

• **Oil paintings**—the goal of most collectors because of their depth of beauty and permanence—vary in price as widely as they do in subject and style. Contemporary works range from \$50 to over \$10,000. Old masters—Renaissance paintings and those of the great Dutch and Flemish schools—can soar to \$1-million.

Even the works of French impressionists and post-impressionists, dated in the 19th and 20th Centuries, are valued as highly as \$200,000—as evidence, look at the recent sale of the Edward G. Robinson collection. The works of Picasso and Braque—both still producing—go up to \$70,000.

The beginner's best bet, though, are contemporary works, priced from \$50 up to \$1,000 or so. Paintings by young Americans alone offer a rich and often rewarding selection.

There's always a fair chance, too, that you may help "discover" an unknown—by your appreciation and patronage. For example, among Americans: The works of Jackson Pollock could be bought 10 years ago for less than \$1,000; today his paintings bring more than \$10,000. Five years ago, paintings by Grace Hartigan and Larry Rivers sold for \$300 top; now they fetch up to \$2,000 and sometimes even better.

When spring lures you out to the fairways in the next few weeks, don't be surprised to find a new yardage scale on your scorecard. Here's an update on the U. S. Golf Assn.'s new recommendations to member clubs, aimed at tightening par for experienced golfers and offering a "bogey" standard for the weekend athlete who breaks 100 on a good day.

• **Par.** Any hole up to 250 yd. should remain par 3. Par 4 (now between 251 yd. and 445 yd.) should be raised up to 251 yd. to 470 yd.; and par 5 (now any hole between 446 yd. and 600 yd.) should apply to all holes over 471 yd.—there would be no par 6 holes.

• **"Bogey" for weekend golfers.** Any hole up to 190 yd. should be a bogey 3; between 191 yd. and 370 yd., a bogey 4; from 371 yd. to 540 yd.—5, and 541 yd. and over—6.

In the meantime, to make the most of your indoor practice, here are a couple of new golfing items you might try:

**Tell Tale Golf.** With this game, you hit a specially constructed paper disk at a calibrated target of paper and plastic. Your score depends on where the "ball" hits and sticks in the target—and you can tell what's wrong with your swing by the club marks on the ball. It doesn't take much room to set up, and you get the advantage of using your full power swing indoors. Write to Warburton & Harris, Inc., Berwyn, Pa.; around \$10.

**Training Glove.** This specially designed left-handed glove overcomes a common fault of the weekender—it helps keep your wrist straight until the top of your swing. It has a tight but comfortable fit and comes in small, medium, medium-large, and large sizes, in light tan or mocha leather. Write to Walter Scheiber, Great River Country Club, Great River, N. Y.; \$6.50.

Gardeners who like to putter in all kinds of weather—and perhaps raise delicate plants—can get a prefabricated "build it yourself" greenhouse—lean-to style. It can be put up as a lean-to on the side of your house, as a separate room (as featured in last week's 40th International Flower Show in New York), or with the inside wall open for an in-the-house garden. You have to supply your own foundation, about 2 ft. high. Sizes range from about 4x9 ft. to 10x26 ft., prices from \$225 to almost \$1,000.



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MANAGEMENT

# Keeping the Company Reins





# in the Owners' Hands

Norton Simon (left) of Hunt Foods, who has racked up an impressive financial record by acquiring control of "promising" companies, is bucking the trend to public ownership.

**S**TOCKHOLDERS of Ohio Match Co. last week formally changed the company's name to Hunt Foods & Industries, Inc. They could as easily have changed it to Simon Foods & Industries. If they had, it might reflect more accurately the nature of the company.

In an era when closely held companies are rapidly changing to wider public ownership, Hunt is swinging away from impersonal management to owner-management.

The name change was also in the nature of an anniversary present, marking the 25th year of Norton Simon in the food business. In the intervening time, the comparatively little-known Los Angeles industrialist has built his personal family fortunes from a few thousand dollars to something between \$40-million and \$50-million.

Today, at 50, Simon, his family, and his associates (mostly fellow directors of Hunt) largely control directly or through "investments" a food, lumber, container, and publishing empire that last year racked up combined volume of close to \$350-million.

## I. A Nonconformist

In the process, Simon has created a paradoxical picture. Although he has never started a proxy fight, he has been referred to as a raider.

Though a man obviously running hard after fortune, he works only four days a week, and never at night.

A man with a detailed knowledge of his businesses and an obsession with owner-management, he delegates an extraordinary amount of responsibility to develop management capability.

Simon is often scored by outsiders who resent his refusal to conform to traditional patterns. He prefers the company of family to that of other businessmen, would rather go out by himself in his 32-ft. sailboat than attend meetings, read Tolstoy rather than business reports, and openly disapproves of "professional managers" who have no personal stake in the companies they run.

• **Orange Juice to Magazines**—Simon started, at 24, with a \$7,000 investment in a bankrupt orange-juice canning com-

pany. He took control of Hunt Bros. Packing Co. in 1943, when its net worth was \$2.5-million, became dominant owner of Ohio Match Co. in 1947 when its net worth was \$7-million. When he merged the two last year, the net worth had climbed to \$34-million and \$24-million respectively.

Last year, Simon got into three more companies, through board representation: McCall Corp., Wesson Oil & Snowdrift Co., and Harbor Plywood Corp. The "development plans" he is suggesting to the managements of those companies "cover six to 10 years. It takes that time before they'll fulfill the hopes we have for them." People who have worked both with, and against, Simon in the past note that when stockholder Simon makes a suggestion—whether he has working control or not—sooner or later those suggestions become reality.

He won't be turning things upside down in these companies, he adds quickly. "All we intend to do is become a factor in inspiring group thinking in a constructive vein. We just sort of unlock psychological blocks and then suggest things people would do themselves if they didn't have these blocks."

• **Psychiatric Treatment**—Some evidences of Simon's "psychological unblocking" at McCall since his 33% stock interest (via Hunt) was disclosed in February, 1956:

• A new president, Arthur Langlie, former governor of Washington, (BW—Feb. 16 '57, p132).

• A reshuffle of directors, to include Simon and seven of his associates.

• A slash in the dividend rate, from \$1.20 to 60¢ a year.


• Close down of two publications, Blue Book and Better Living (BW—Mar. 24 '56, p56), and a complete reshuffle of the company's pattern department.

• A \$24-million expansion of the company's printing plant at Dayton, Ohio.

• A reduction in the surplus account from \$10.2-million to \$1.6-million by writing off intangibles such as subscription lists, trademarks, and good will.

Simon "unblocking" at Wesson and Harbor hasn't been quite so extensive

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**NEW ORLEANS PUBLIC SERVICE INC.**  
New Orleans, La.



"You've got to have an 'ownership feeling' to build a company . . ."

so far—but observers think it will be.

• **Far Reaches**—This is the Simon empire today:

**Hunt Foods & Industries, Inc.** (Simon and his immediate family own about 50% of the outstanding stock, associates another 5% to 10%.) Sales last year, approximately \$120-million. Hunt is broken down into four divisions:

- Canned food, fruits and vegetables, particularly tomato products, sold under Hunt, Snider, and "Pride of the Farm" labels.

- Containers, including United Can & Glass Co., and Glass Containers Corp., both technically subsidiaries, which make can-making machinery and metal and glass containers, supply both Hunt operations and outside customers.

- Ohio Match Div., the country's second-largest maker of matches.

- Lumber division, which sells its products nationally as well as to the match division.

**Harbor Plywood Corp.**, sales about \$22-million, a leading maker of fir plywood. Hunt owns 30% of stock, has five seats on the 11-man board, Simon is chairman.

**Wesson Oil & Snowdrift Co.**, sales \$165-million; makes salad oils and shortenings for home use, is a leading processor of cottonseed oil, sold in bulk to other manufacturers, packages and markets an assortment of specialty foods including coffee, tea, seafoods. Hunt owns about 31% of the stock, has four seats on the 11-man board.

**McCall Corp.**: sales about \$60-million; publishes McCall's and Redbook magazines, and an assortment of fashion patterns. But the bulk of its business consists of printing magazines for some 40 other publishers. Hunt owns 33% of the stock, and has eight seats on a 16-man board.

- **Other Irons**—Simon is also principal

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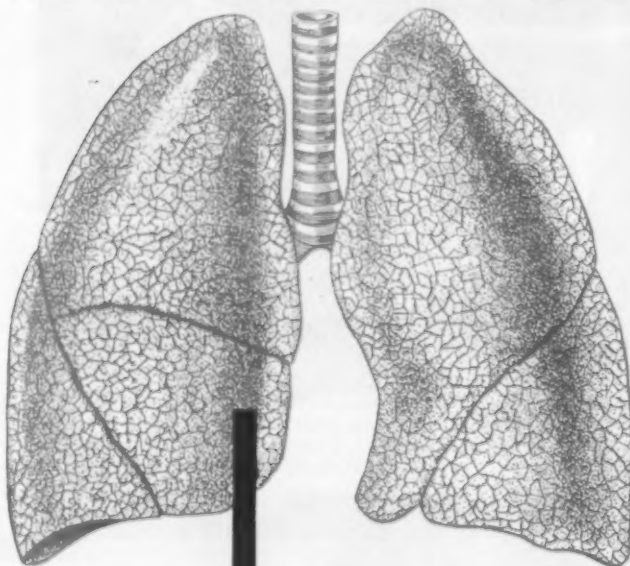
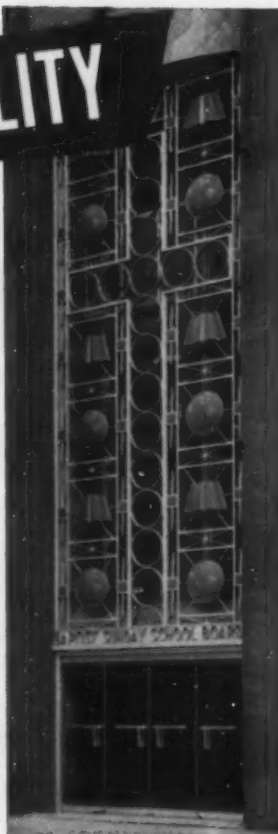
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or sole owner (with his family) of four investment companies: California Seafood Co. (which in spite of its name does little food business); L&M Investments Co., Inc., largely California real estate and off-shore oil leases; Special Investments & Securities, Inc., a closed-end investment trust concentrating on chain store securities; and Security Insurance Co. of New Haven. About the assets of these companies, Simon is mum. Outside estimates range from \$10-million to \$20-million. He also retains a sizable interest in Northern Pacific Ry., and is a member of its executive committee.

There is also talk that Simon has invested in other publishing firms. However, he has been shy in spelling out the details.

## II. Birth of an Empire

The Simon saga begins in 1923, when he left college at 16 to work for an export company. At 20, he started his own steel distributing company. In 1931, at 24, he put \$7,000 into a bankrupt canning company, California Gold Brands, Inc., then canning orange juice. A year later, he bought out his partners, went into tomatoes. In 1932, Gold Brand sales were \$43,000. In 1934, they were up to \$500,000, and Simon then bought a can-making company.

Simon managed to cut operating costs to the bone and, in a depression market, consistently undersold his competition. When sales passed the \$1-million mark in 1936, he changed the company name to Val Vita Food Products Co. In 1942, at 35, when sales hit \$9-million he sold out for almost \$4-million.

• **Built on Youth**—His own success at a comparatively tender age may be one reason he likes to surround himself with bright young men. About the only man in the Hunt upper echelons older than Simon is Russell J. Miedel, 62, president of Hunt. (Simon reserves for himself the title Chairman of the Executive Management Committee.)

Among his executive vice-presidents, Frederick R. Weisman is 43, has been with Simon 20 years. Arthur Winston was 25 when he joined up 15 years ago. Jack R. Clumeck started late. He was 30 when he started working with Simon, 10 years ago. Bernard Briskin, one of Simon's directors of Harbor Plywood, is 32, started with the group some eight years ago. And Simon's second and third echelons levels are heavily staffed with men just approaching the 30-year-old mark.

• **Expansion**—In 1942, Simon really started building his empire. Val Vita food operations had been sold to Hunt Bros. Packing Co., the can-making



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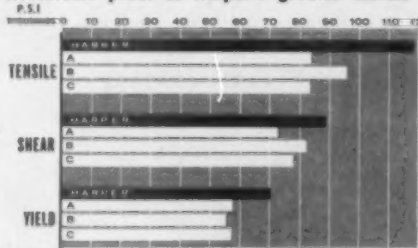


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plant to Continental Can Co. But even before the sale, Simon had been buying Hunt stock. With the money from Val Vita, he bought more. By February, 1943, he and his associates—still with him as the board of Hunt—took over active management.

His "unblocking" started almost immediately. He sold off unprofitable properties, reduced the number of can sizes, mechanized production lines, centralized operations, and revised the accounting system.

He also made food distributors and dealers unhappy by yanking Hunt out of the private label business, at a time when supplies were hard to get, and started advertising a Hunt label directly—and heavily. In 1945 and 1946, he bought a string of other companies: Fontana Food Products, Rocky Mountain Packing Corp., California Conserving Co., all western companies, and the Harbauer Co. of Toledo, Ohio. By 1946, Hunt sales were \$48-million, and the company was listed on the New York Stock Exchange.

**III. Operations Technique**

About this time, there began the series of operations that have earned Simon his vague reputation as a raider as well as an administrator. In almost all cases, the tactics were identical.

Simon would buy stock on the open market in brokers' names. When he accumulated a block big enough, he would ask for a director's seat. Old-line directors on occasion resented the "impertinence," turned him down. Simon feels very strongly about ownership management, believes that substantial owners should have at least as great a voice in company operations as managers without stock holdings.

So Simon would go out and buy



more stock until he had working control. With stock control, he would move in. When Simon moves in, companies get stirred around.

• **Weighty Words**—Even in a minority position, Simon "investigates" and "suggests" so persistently that his recommendations are frequently carried out.

"You've got to have an 'ownership feeling' to build a company," Simon insists. "Too often a management is apathetic. At Harbor Plywood, for example, we had a situation where the largest owner, Long Bell Lumber, was a direct competitor." (Long Bell directors have since been replaced.)

You also have to know something about the company you're going into, he adds. "Even after a lot of study and experience in allied fields, it still often looks like you know much less than the existing management. But you have one big advantage—you can look at their weaknesses objectively."

• **New Interests**—During the late war years, Simon started to buy stock in Ohio Match Co. When Diamond Match Co., leader in the field, was ordered in 1946 under an antitrust decree to dispose of its 20% interest in Ohio, Simon grabbed it.

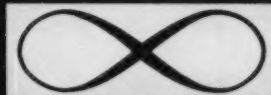
He found plenty of scope at Ohio. The general manager of the lumber operation was 75. A conscientious, but not young, management had no second echelon coming up. Horse-drawn rail cars were used in the wet and muddy lumber storage yards. Production and accounting methods were archaic.

Simon simplified product lines, modernized accounting, pushed an intensive sales program, replenished timber reserves. Ohio had formerly considered its commercial lumber as a secondary by-product of its match requirements. Simon started an aggressive lumber sales campaign.

The new emphasis on lumber led to interest in Northern Pacific Ry., which has large timber holdings. Simon, both directly and through Ohio Match, started buying NorPac. By 1951, Ohio had built up 167,000 shares, Simon and his group probably an equivalent amount.

This time, Simon came off second best—but profitably. The most he had been able to accumulate was 14% of the stock—enough for a directorship but not enough to give him control. Between his persistent suggestions, and the resistance and resentment of the rest of the board, a proxy fight seemed in the offing.

Then, important oil was discovered in the Williston Basin, where NorPac had huge land holdings, and the stock boomed. With the price going too high for him to buy control, Simon and Ohio sold the bulk of



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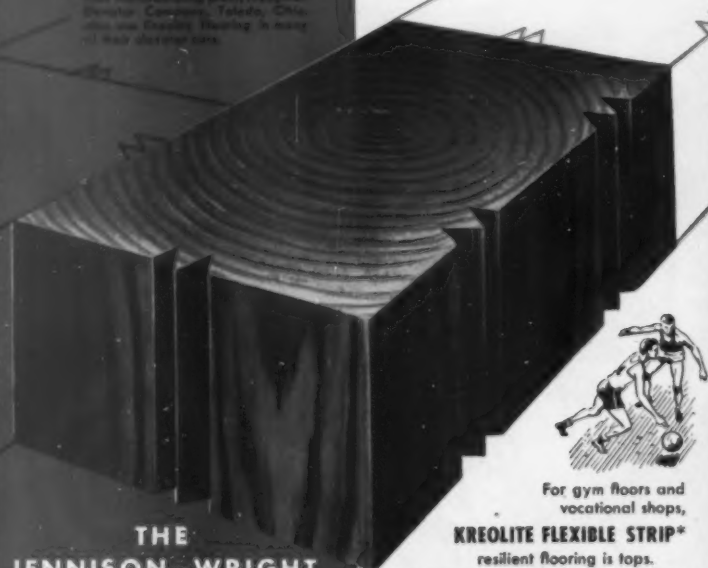
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their holdings. Ohio's profit on the deal was \$2.8-million; Simon and his associates did somewhat better. Ohio has retained 15,000 shares; Simon an undisclosed amount but probably around 25,000 shares (both before the recent two-for-one split). He's still a director. And he still makes "recommendations" but relations are amicable.

• **Projectable Deals**—Meanwhile, Simon had been moving in another direction. Even before the war, he found making his own containers profitable. On the comparatively small Val Vita volume, cost savings were estimated at better than \$250,000 annually. Starting in 1945, he got back into the container-making business.

By 1947, he had picked up three companies, and a can-making plant from Continental Can. Atlas Imperial Diesel Engine Co. he changed over to a food machinery maker. Modern Can Machinery Co. supplied designs for new types of can-making machines, and experienced engineers. Benton-Ballou Co., Ltd., brought in peach-pitter manufacturing patents and processes. In 1948, Simon started a glass plant. By 1950, he had lumped them all as United Can & Glass Co.

Miedel, Hunt's president, came in through this route. He had been Pacific Coast sales manager of Hazel Atlas Glass Co., when Simon plucked him in 1945 to run the newly acquired Atlas Imperial Diesel. Miedel's job of building United Can & Glass was so successful—volume about \$35-million in 1955 before the three-company complex was merged—that Simon put him in the top operating spot.

As late as 1953, Hunt owned only 34% of United Can & Glass. But Simon likes as much ownership as he can corral. Since then, Hunt has bought about 95% of the outstanding stock and plans to pick up the rest.

• **Diversification**—In turn, Simon has used his companies to buy others. Purchases in Harbor and Wesson were made through Ohio Match, in McCall through United Can & Glass. Simon insists that his diversification has followed a complete logical progression.

"The expansion of Hunt got us interested in Ohio, because it produced a grocery store item. Later that led to Wesson, widening the range of food products. More concentration on lumber at Ohio drew us to Northern Pacific, later to Harbor Plywood."

• **Why McCall?**—The lead into McCall was a little more subtle. Simon was already somewhat involved in advertising and printing through Ohio's book match business. And, Simon claims, he became sold on printed media as a result of Hunt's own successful advertising, done largely through magazines.

For McCall in particular, it's probable Simon has other reasons, too. It



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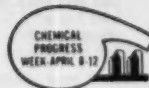
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was a fairly solid company, whose profits had been declining steadily, again with an aging management and few replacements ready. Of its four general magazines, two were steady losers, one was questionable; and its biggest, McCall's Magazine, didn't seem to be going anywhere. Its clothing-pattern department—though losing money—had possibilities. As printer for over 40 major magazines, it could provide a pivot position for further moves in the publishing business. And the stock was not too expensive. Simon probably paid no more than \$34-million for his one-third interest.

Meanwhile, Simon has moved to strengthen McCall. The biggest trouble, Simon says, was a crying need for money to build up editorial staffs. "We found management reluctant to invest in these intangibles, though they were willing to put money in the printing plant." Much of the money saved in the dividend cut, Simon indicates, is now being poured into the editorial side of the company.

• **Dividend Policy**—Simon generally prefers a conservative dividend policy, prefers as far as possible to have growth come out of retained earnings rather than new equity financing.

Since, in Simon-controlled companies, management men usually are also large stockholders and vice versa, under current tax laws there's little advantage to them in large dividends. At Hunt, for example, only one of the 10 directors, the company's counsel, has less than 6,000 shares, and other individual holdings go as high as 75,000 shares.

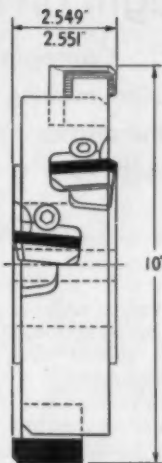
All of them share actively in operations. Hunt has no outside directors, as such. Eight of the 10 are on the executive management committee. Five are officers of the company. Simon's representatives on boards of other companies generally come out of the same group—and in these companies, the Hunt directors usually have personal holdings as well as representing Hunt.

• **Group Work**—More and more, Simon is turning an increasing share of authority over to his associates, working mainly through a committee system. Simon insists, "it is not so much me any more who decides, but the group." "A major problem," Simon adds, "is to eliminate a degree of the competition within our management group. You want management to be competitive—but not too competitive. The real goal is to work together."

Where Simon goes from here is anybody's guess. His acquisition rate may slow down. "We are probably in enough fields now, he comments. "There are plenty of expansion possibilities within the company." But he doesn't rule out new ventures. "New opportunities come faster than you think." **END**



Ingersoll inserted blade staggered tooth channeling cutter—2000X series, page 46, catalog 66



## INGERSOLL CUTTER removes 2700 cu. in. of 1045 steel without resharpening at The Bullard Company

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## Light on Deciding

Carnegie studies on decision making come up with new angles on how and why results are reached.

If your company right now is in the midst of a formal study on a major policy decision, the chances are that what it's eventually going to do is already a foregone conclusion. And it's even more likely that the idea for the project didn't originate in the company.

Those, at any rate, are some of the tentative conclusions that are shaping up from preliminary studies on decision making at the Carnegie Institute's Graduate School of Industrial Administration in Pittsburgh. The studies are being carried on by Prof. Herbert Simon—no relation to Norton Simon (page 172)—and six fellow investigators.

Simon himself is making no firm pronouncements as yet on his results. After going through four years of research and \$170,000 of a Ford Foundation grant, he and his team are only halfway through their project; they won't be out with anything for at least two or three years more.

This week the Ford Foundation made available another \$250,000—enough to keep the project going for five more years.

• **Ideas**—But the work so far has turned up some preliminary ideas about the decision-making process:

• One is that by the time a company gets around to a formal study of a problem—whether it's the installation of a stock option plan, retirement benefits, or a computer system—the crucial decision has already unwittingly been made, and it's a pretty good bet the project will go through.

• The other is that few executives actually pick themselves the specific areas in which they will make long-range decisions. The vast bulk of them follow a few bellwether companies into the study of areas that have become "hot"—areas that their neighbors are also working on.

For an executive, deciding what areas to delve into is like standing in the middle of a maze. There are always more directions to go and more problems to attack than he could possibly handle.

One alternative is to try by some organized means of analysis to pick the right plunge to take. Or the executive can observe the traffic and fairly safely follow the crowd. As in most other human situations, the Simon studies indicate, the great majority fol-

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low the crowd. They put up to their organizations the same problem that's being asked by the executive next door. They look into areas suggested by professional literature, or by reports of other companies.

• **Case of Computers**—What Simon and his team are looking for is an explanation of what takes place—a theory of decision making, and guideposts for effective ways of doing it. "We want to find out the anatomy of the process," says Simon, "how decisions are made and how people solve problems."

He doesn't feel free yet to make many generalizations, but the preliminary ideas that have turned up get considerable support from the study of decisions on computer applications, where the Carnegie group has dug deep.

The evidence indicates, they say, that the first companies to use the machines for payrolls were those already heavily involved in them for processing of engineering and scientific data. Some one kicked off by suggesting that the machines could be applied to accounting and other functions.

Then, once the ball started rolling, other companies began running after it, and a new area of interest became "hot." More and more executives, hearing about their fellows' experience, decided to take a look themselves.

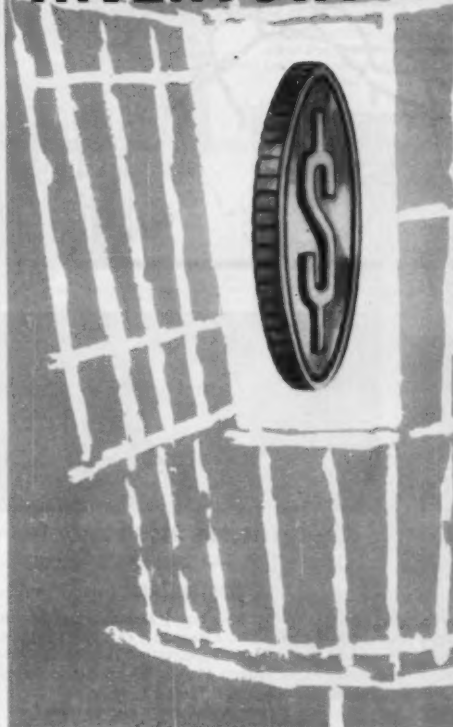
In computers, too, the Simon group found, the crucial point was deciding to investigate their applicability. Practically every company that did then went on to decide to install them. That, of course, could be because of the obvious advantages computers offer a company; but the same would be true in other fields ranging from diversification to management development projects. The experience with computers points to the conclusion that deciding to investigate an area, for whatever reason, can often be tantamount to deciding to go into it.

• **Study Methods**—Over the next few years the Carnegie group hopes to gain a better understanding of how the initiation of decisions and the follow-the-leader setup work, and just where ideas come from.

But the study process is necessarily slow. Thus far the Carnegie investigators have sat in on a variety of decisions with some 10 companies. In a few instances, they have spent as much as six months "living with a decision"—sitting in on all meetings, reading memos, watching the moves of the man charged with main responsibility. Usually one team member handles all this, taking notes for the others, but occasionally two are used, so they can observe what goes on simultaneously in various parts of the company.

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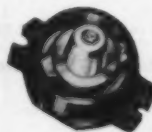


### Klixon Protectors assure customer satisfaction — says motor repair shop partner

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"... people seem to do a fairly adequate job of solving very complex problems with inadequate data. . . ."

DECISIONS starts on p. 184

a number of laboratory small-group studies on how people handle information needed to make decisions, how they tackle the problems involved, how the human problem-solving process works.

One such experiment, involving six men, is designed to reproduce a company situation and to study how people solve problems with only limited information. Three of the men act as salesmen, three as production men. Their common task is to cull sales and production data figures to solve problems on which orders should be accepted and which not, taking into account plant, profitability, production runs, and so on.

• **Computers and Humans**—Another experiment, carried on together with Allen Newell of Rand Corp., Santa Monica (Calif.), involves using a computer to try to determine how people can arrive at solutions even though they have inadequate data to work with.

In other words, in order to understand a little more about how people tackle complex problems, Newell and Simon have programed a computer to approximate the process. For computers, finding the best way to win a chess game is mathematically speaking a snap. The only trouble: It takes tremendous amounts of data—and time.

Yet people seem to do a fairly adequate job of solving extremely complex problems with very inadequate data. How do they do it? What short cuts do they take? By checking back and forth between people solving problems and the processes in his computer, Simon hopes to find out.

Simon likens the computer process to that of a high school geometry student who has already worked out a number of theorems in class and knows the logic on which they are based. Confronted with an entirely new theorem to solve by himself, he can probably arrive at the solution by drawing on previous logical systems, fitting pieces of them together, using intuition and hunches, trying most likely approaches. The computer, says Simon, does roughly the same thing.

• **Goal**—This study of human problem solving is still new with Simon. Eventually he hopes to relate it directly to the decision process. Beyond this, his groups hope to broaden their findings to include the personality characteristics of executives—and come out with a full-blown theory of decision making. **END**

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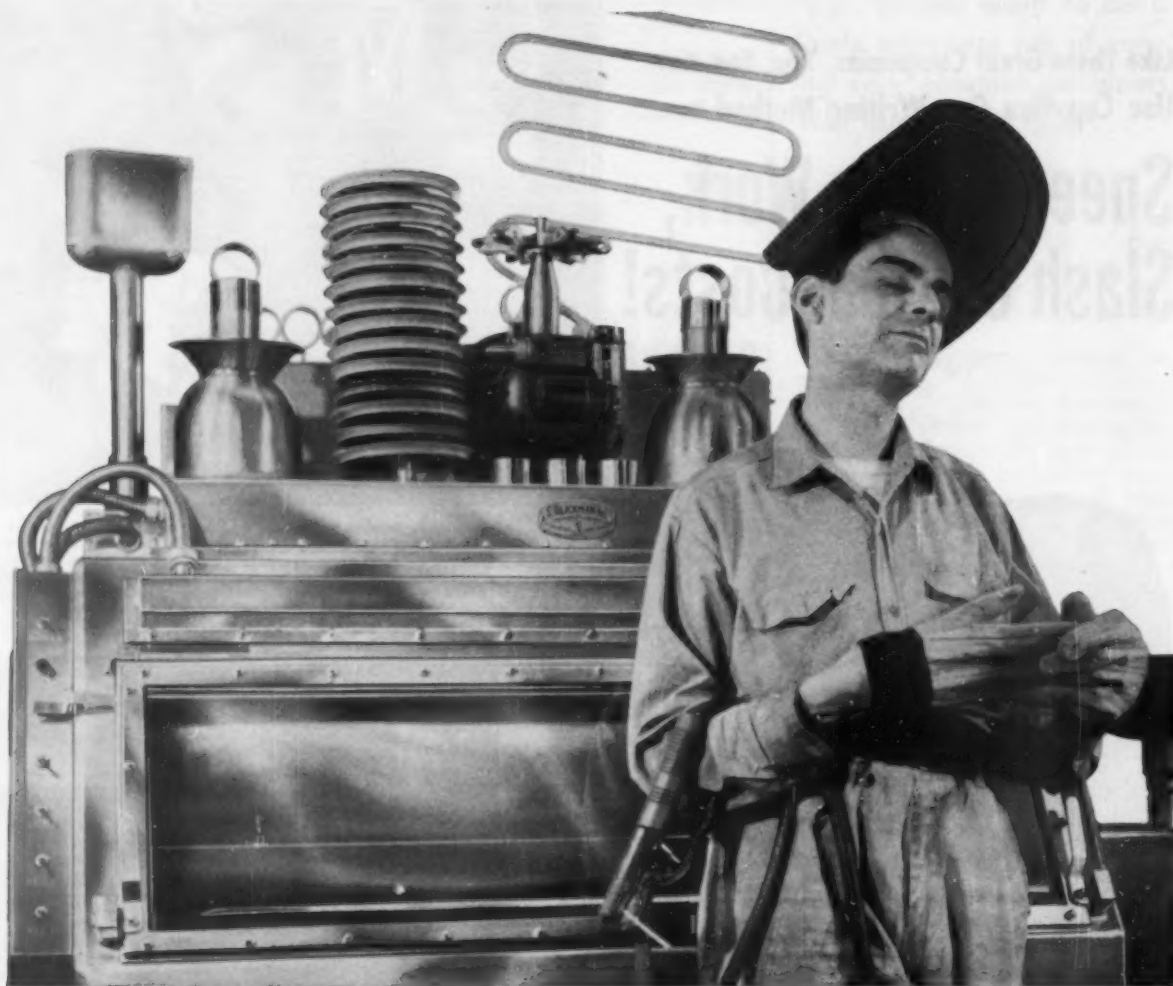
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# In Management

• • •

## Oates New President of Equitable Life—

### Its Fourth in Four Years

The third largest U.S. life insurance company has gotten its fourth president in as many years. On June 1, James F. Oates, Jr., at present chairman and chief executive officer of Chicago's Peoples Gas Light & Coke Co., will become head of Equitable Life Assurance Co.

Thomas I. Parkinson was president from 1927 until 1953, then became chairman, with Ray D. Murphy taking over the presidency. But Parkinson was engaged in a long-running bout with New York State superintendent of insurance Alfred J. Bohlinger, who accused him of nepotism and management favoritism. This battle led to a heated board meeting controversy and finally to Parkinson's resignation in February of 1954, and to Murphy's assumption of both top jobs.

Then early last year senior v-p Charles W. Dow became president, Murphy keeping the status of chief executive officer. This January, Dow suddenly resigned, kept mum about his reasons, while the company curtly stated that he had had "differences of opinion with the board on matters of organization structure." Murphy again added the presidential chapeau to his other hats. Now Oates will be chief executive officer, Murphy will continue "for a year" as chairman and a special consultant to the company.

Oates had practiced law in Chicago for some 25 years before becoming head of his utility company in 1948. He has been a director of Equitable since 1955, and is a member of the boards of International Harvester Co., Great Northern Railway Co., and Princeton University.

• • •

## Savants Find Peril in Seeking

### Top Men From the Middle Group

Management may be overlooking its likeliest prospects for top jobs by promoting to them their best middle management men. That's the conclusion reached by two University of California psychologists after a recent study.

Success at each level requires a "significantly different" group of character traits, say Drs. Edwin Ghiselli and Lyman W. Porter. Thus, outstanding middle management men may fail when promoted to the top spots, while the men with the personalities to do well on top may well do poorly in middle levels and never be considered for promotion.

The psychologists base their conclusions on a questionnaire filled out by 270 management men throughout the country. There were important differences between top and middle management men on more than 20 personality traits, the psychologists report.

Ghiselli and Porter characterize the top level men as active, candid, and self-reliant, likely to take risks on the basis of their ideas, and not to get discouraged. The middle men, in contrast, "seldom take actions that are not well thought out in advance," have less confidence in their own judgment, like to picture themselves as stable and dependable.

• • •

## Management Briefs

The bosses at Pocket Books, Inc., have bought the company. Pres. Leon Shimkin and executive vice-pres. James M. Jacobson bought the publisher of paperback books, which had been a subsidiary of Field Enterprises, for \$5-million. They say it will become "employee-owned and employee-run . . . instead of being a corporate-owned concern."

Seven motion picture producing companies have signed, with National Screen Service Corp., a consent decree to end what the Justice Dept. claims was a monopoly held by National in the making and distribution of movie previews and advertising posters. National pledges not to discriminate against theaters using ads made by competitors, not to acquire an interest in any of these competitors.

The monopoly that Denver gave to Yellow Cab Co. to provide transportation to and from its Stapleton Airport has been struck down by the state Supreme Court. This reverses an earlier decision, which O.K.'d the policy on the city's plea that the airport was its own private property. Denver has since installed parking meters at the airport, thereby acknowledging it to be public property, says the court.

At an American Management Assn. forum on engineering management, Prof. John H. Flynn of Boston University's College of Industrial Technology came up with a new plan to help build a better national supply of technical personnel. His idea: "An adaptation of the present major league [baseball] farm system whereby major companies would farm out young, promising engineering personnel to subcontracting smaller companies for general seasoning with possible periodic trips up to the major company for tryouts."

The board at Glen Alden Corp., down to only four members after the fight over the now-defunct attempt to acquire Maremount Automotive Products Inc. (BW—Mar.23'57,p178), voted the 20¢ dividend that Pres. Francis Case had promised stockholders during the proxy battle. Glen Alden's last dividend—10¢—was paid over a year ago.

The Ford Foundation this week announced grants made in the past three months totaling more than \$40-million, including some \$1.8-million for business education and research (given to projects at 16 institutions). The bulk (\$25-million) went to a program of active recruiting of outstanding students into careers as college teachers.

# Plane Builders Seek New Materials, Tools

Other industries are watching their pioneer work in new jet-age alloys, combinations of ceramics and metals, and the processes and tools to shape these materials. Aircraft innovations have a record of being adopted by other industries.

**F**OR A LOOK into the future of metalworking and its related production materials and techniques, there is no better crystal ball than the aircraft industry. At the Society of Automotive Engineers' aeronautic production forum in New York City last week, engineers got a glimpse of what the military aircraft producers have up their sleeves.

Such an insight is significant. Unlike manufacturers in the automotive or appliance industry, aircraft builders have to come up with more than a face-lift, a design gimmick, or a styling change. They must produce a plane that can outperform last year's models. As a result, their advanced techniques are unparalleled in any other branch of industry.

• **Beyond the Limit**—Military aircraft have already pushed engineering materials to the limits of their performance ability— aerodynamic designers are way ahead of the machine shop. To improve aircraft, manufacturers have two alternatives, both equally challenging:

• They must "design" new materials that will yield higher strengths and operate under greater stress at higher—or sometimes lower—temperatures.

• Or they must work out new ways to shape and form existing materials that are too tough for current metalworking techniques to handle.

• **No Letup in Sight**—Manufacturers and government laboratories are spending billions on such projects. Lt. Gen. C. S. Irvine, deputy chief of staff of materiel in the Air Force, warned a luncheon audience that there would be no letup.

"For some time," he said, "designers have been pushing operating temperatures of available materials above normal limits, then adding auxiliary cooling equipment as a crutch. This adds equipment to overloaded airframes, and substitutes expediency for real advancement."

Irvine urged that engineers open their minds to untried materials and work out new metalworking and tooling techniques to handle them.

But even with high budgets, aircraft

producers have to keep their eye on what's practical. "No matter how good it is," Gen. Irvine cautioned, "it can't be translated into production until the tooling and produceability problems are solved."

• **New Materials**—The procurement chief ticked off a number of goals he expected industry to reach soon. Among them:

• Titanium alloys that will withstand temperatures up to 1200F, several hundred degrees higher than present alloys can take.

• Columbium-base alloys for structural use in nuclear-powered aircraft.

• Cermets—metal-filled ceramic materials, currently too brittle for structural use—with the toughness to stand up in service in the next family of turbine engines.

• The further use of beryllium, and the development of ductile, chromium-based alloys, to help solve problems of sonic vibration and higher temperatures.

• **Tooling Problems**—The use of such new materials is predicated on the simultaneous development of better tooling methods, and Irvine urged manufacturers to investigate a number of "promising new approaches." If materials can't be cut and formed with traditional techniques, he said, "there is a possibility that explosives, low-temperature shock fracture, spark machining, high-speed friction band-cutting, or chemical milling may be adapted to do the job."

Chances are that other industries will benefit from the pioneering of the aircraft makers, just as they have from such other aircraft industry techniques as stretch forming (BW—Sep. 8 '56, p81), plastic die materials, adhesives and honeycomb structures, and heavy extrusions—to name only a few.

"To keep these developments coming," says Gen. Irvine, "it is necessary to support basic research that is costly and for which no immediate uses are apparent for the information developed. So government support and direction are needed, as well as long-term industry support."

• **Temperature Troubles**—A dizzying

LT. GEN. C. S. IRVINE, Air Force procurement deputy, told SAE audience there'll be no letup in search for new materials.

NATHAN E. PROMISEL, Navy metallurgist, pointed to earth satellite (background) as example of composite materials.



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## 24 NATIONS UNITED... on Choice of Yoder Mills for Pipe and Tube Manufacture

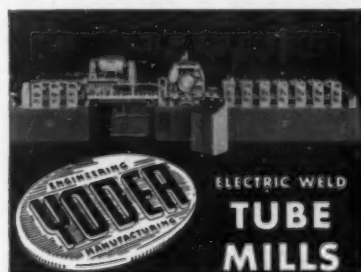
It all started less than two decades ago with the introduction by Yoder—and the rapid adoption by American industry—of a revolutionary new type of mills for cold forming and electric-resistance welding of pipe and tubing. England, France, Italy, Mexico, Argentina, and Brazil soon followed the U.S.A. in adopting these mills. Other countries boasting any kind of modern metal working industry did likewise, even including distant Japan, India and South Africa. Production, depending on requirements, varies from 25,000 up to 75,000 feet per 8-hour shift.

By this time, England, Italy and Argentina each have a total of ten Yoder mills in operation; Brazil, eight; Mexico, six; France, five; other nations somewhat in proportion to their population. In many nations, Yoder mills now supply from 50% to 90% of all welded tubes used. Several outstanding production records have been scored by operators in foreign countries, most recently in Italy. Reasons: the simplicity of design, ease of operation and dependability of Yoder mills. Secondly, generous assistance rendered by Yoder in training operators everywhere.

Through technological advances, Yoder leadership in tube mill design has been jealously maintained and strengthened from year to year. Ask for literature giving details of the latest improvements. Correspondence invited.

### THE YODER COMPANY

5530 Walworth Ave. • Cleveland 2, Ohio, U.S.A.



array of new metal alloys, plastics, and processes under development in the research facilities of the various branches of the military was charted by Nathan E. Promisel, head of the materials branch and chief metallurgist for the Navy Bureau of Aeronautics. He sketched out some of the problem areas and possible solutions that are keeping aircraft materials engineers on their toes.

The high-temperature problem, already considered in the "classical" category, is probably the largest single hurdle in modern aircraft design. While temperature problems are serious at all levels, extreme high altitude flight can complicate them. Extremely low temperatures are encountered where ductile metals turn brittle and heated metals can evaporate under the low pressure.

Promisel believes that most of the materials now in use are approaching their absolute limits, from a practical standpoint. But there is room for vast improvement in designing combinations and composites of materials, so that each element contributes to the end use.

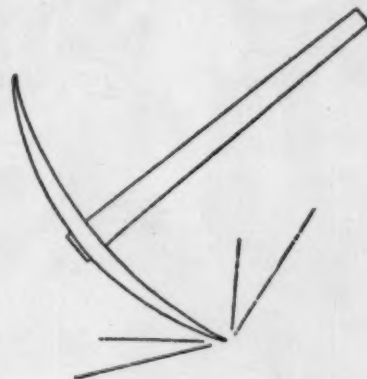
• **Satellite Shows Way**—An example of that approach to materials is in the satellite project, according to Promisel. For the satellite vehicle, no single material could satisfy the requirements of highest possible strength-weight ratio, heat balance, reflectivity, and resistance to erosion and corrosion. So the satellite material finally adopted is gold-plated magnesium, coated on the outside with vapor-deposited layers of chromium, silicon monoxide, aluminum, and another layer of silicon monoxide. "The composite," says Promisel, "accomplishes what none of the materials could do alone."

Promisel thinks that new melting techniques will help to provide some of the highly reactive and ultra-pure materials that engineers are demanding. Levitation melting, where the melt is suspended in space in a vacuum by a magnetic field, may be useful in special cases. Extremely high temperatures from high-powered electrical discharges, such as those used in experimenting with controlled fusion reactions, may be adapted to metal cutting.

• **Solid Ideas**—BuAer is also investigating some more down-to-earth aircraft fabrication techniques. One is vapor forming, where a vaporized metal is deposited on a form without going through a melting phase. Major improvements in casting techniques for light alloys make use of mold materials of aluminum and heat-conductive plaster. They are pushing casting qualities and strengths into a range previously associated only with forgings.

A new extrusion molding technique takes a solid billet and forces it into the cavity of a split metal die under extremely high pressure. It is said to produce a part that has better properties

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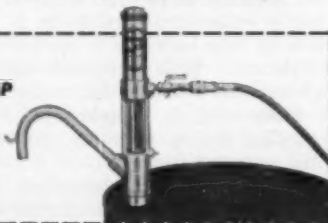
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than a forging of the same material, yet is free of the design restrictions that are associated with forgings. Die and operation costs are lower than for forgings, according to Promisel.

The BuAcr-supported research in ultrasonic welding (BW-Sep. 8 '56, p91) holds high promise as a technique to produce large area bonds in sheet metal similar to adhesive bonding, but stronger and more heat-resistant.

• **Composite Materials**—Steels with strengths as high as 350,000 psi.—that's as strong as piano wire—in large sections are promising, according to Promisel. But even more interesting properties are coming up in such concoctions as high-strength steel wire adhesively bonded between sheets of steel.

Of all the materials under study, the composite types seem to hold the most challenge. Promisel revealed that the BuAcr laboratories and others have made significant progress in developing aluminum reinforced by glass fiber, and powder metal parts reinforced by molybdenum fiber.

Molybdenum fibers imbedded in titanium may improve that metal's high-temperature characteristics, and finely dispersed oxide particles in titanium, molybdenum, and nickel-chromium alloys increase their strength.

• **Hottest of All**—For the really high temperatures—in excess of 1800F—the materials specialists are turning their efforts to composite materials based on cermets and ceramics. Some of the combinations sound like the inventory of an alchemist. Promising candidates, for example, include nickel aluminate, chromium-molybdenum-reinforced chromium-boride, metal-bonded chrome-alumina, and a promising rocket nozzle material made of zirconium boride bonded with metallic boron.

None of these materials are sufficiently ductile at room temperature to satisfy the demands of most structural applications, but the materials engineers and scientists are sure they can improve them. Until they do, they are willing to try anything. One project, for example, is investigating the possibility of using metal wires in ceramic structures to "pre-stress" the material.

• **Words to Wise**—"You must hunt for solutions to the problems of the hypersonic age in all areas," Gen. Irvine told his audience of engineers. "You must continue to look for expedient solutions, without for a moment closing your eyes to the new materials and true breakthroughs that represent the most important advance of all—an advance in the state of the art."

"What engineers must realize," added Nathan Promisel, "is that today we don't design just an aircraft. We design, in the truest sense, the materials themselves that go into it." **END**

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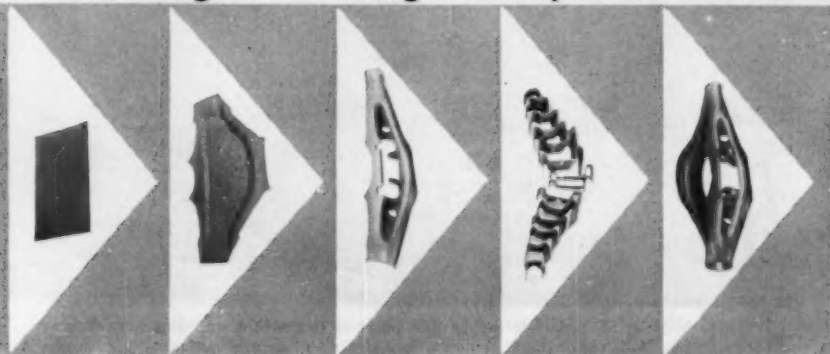
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# Complicated Curves

Two buildings near Dallas are going up, with variations of the new "hyperbolic paraboloid" construction.

"You can't just put up a building to work in—it should be good art as well. Buildings must be designed for their purpose—for people and machines."

That's the kind of thing you expect to hear from a contemporary architect, but businessmen are also taking up the refrain. The quotation comes, in fact, from Exec. Vice-Pres. Patrick E. Haggerty of Texas Instruments, Inc., in Dallas. He was explaining why his company is putting up a new Semiconductor Components Div. plant designed around

a method of roof construction that's described as "a series of hyperbolic paraboloids."

In their enthusiasm for the new roof, Haggerty and the designers, Associated Architects of Dallas, don't stop with comments on the esthetics and social significance of the design. They're also enthusiastic about a method that they are sure will spread quickly throughout the construction industry.

• **Cheap Cover**—"The hyperbolic paraboloid construction is the most economical method yet devised to cover large areas," says O'Neil Ford, a partner in the architectural firm.

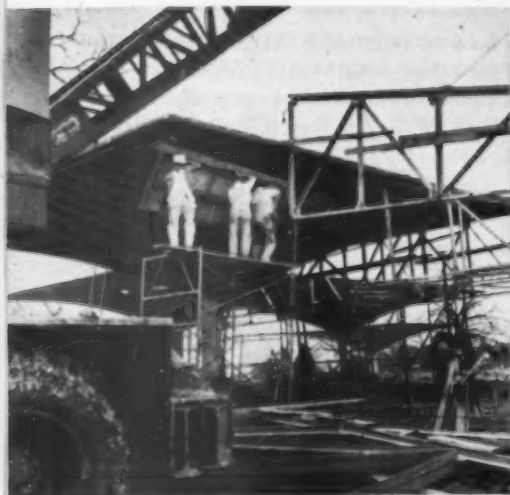
The architects estimate that this kind of roof, including drainage connections, can be constructed for less than \$1 per square foot. That's approximately 15¢



**1** Contractor raises forms around pillar and prepares to pour final roof unit.



**2** Concrete must be poured with care to keep thickness uniform in thin shell. The special shape needs relatively light reinforcing, though it's less than 3 in. thick.



**3** After concrete has set, it takes little time to remove reusable forms.



**4** Smooth curve of underside needs only paint as decoration, the architects believe. The holes that show thinness of the concrete will be covered by plastic domes.

# Make Cheap, Lightweight Roof

less than prestressed, precast concrete.

To develop the utmost strength and rigidity in thin-shell concrete, you must use complex curved surfaces. This spreads stresses over large areas, as in an eggshell, rather than concentrating them at a few points, as in post-and-beam construction. But curved surfaces in concrete call for expensive and tricky forms, or molds.

That's where the "series of hyperbolic paraboloids" provides an answer. It's a group of shapes that are curved in two dimensions, as in a horse saddle. Each unit resembles a flaring mushroom or an umbrella, either upside-down as in Associated Architects' first Dallas project (pictures) or right-side-up as in the Texas Instruments job. Although the shape is a complex curve, you can lay

straight lines along its surface—which means you don't need curved or bent lumber to make the forms.

• **Second Try**—Last week, Great Southwest Corp. finished pouring concrete for the nine inverted-umbrella shapes that make up the roof of a new restaurant—first use of the design in Dallas. The building will be a showplace of Great Southwest's industrial park on the new Dallas-Fort Worth toll road.

Great Southwest Corp. is a joint venture of financial and real estate interests that include Amon Carter, Jr., in Dallas and Webb & Knapp, Inc.; Rockefeller Center, Inc., and Carl M. Loeb, Rhoades & Co. in New York. The company's president, Angus Wynne, Jr., is credited with bringing the roof idea to the U.S.

While traveling in Mexico in 1953, Wynne was impressed by the warped-plane designs in buildings by Felix Candela, expatriate Spanish architect. After Great Southwest Corp. was formed, Wynne took the four partners of Associated Architects to confer with Candela in Mexico. Candela was retained as consulting engineer for the industrial park.

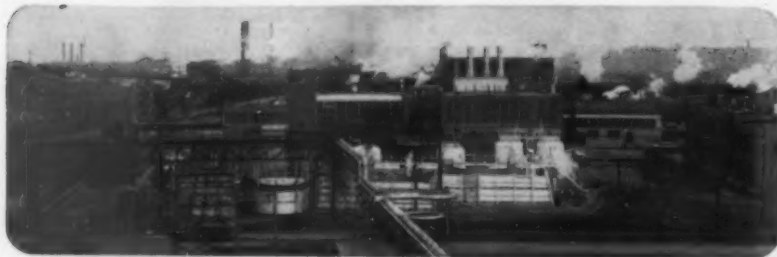
The restaurant is the first project to use the new roof design; Texas Instruments' plant will be the second, when construction starts next summer.

• **Matter of Forms**—Associated Architects worked out a design of four of the geometric shapes mounted on a central pillar, and took the design to A. A. & E. B. Jones Co., concrete form specialists in Denver, to build a reusable



**5** Finished shell shows simplicity of the nine units of the Dallas restaurant roof. Seven units make up the roof

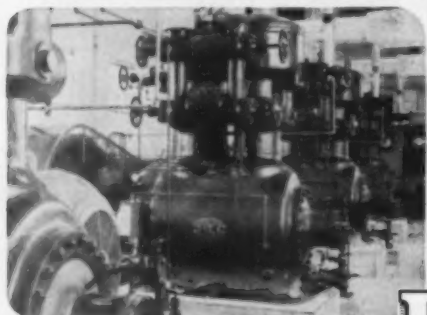
itself; the other two stand in front of the building. Curved shape of each unit concentrates stresses on its central pillar.



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ANGUS WYNNE, JR., president of Great Southwest Corp., looks at model of hyperbolic paraboloid roof construction.

mold. The Jones brothers built the form and made a test pouring in Denver last August before shipping the mold to Dallas.

Great Southwest Corp. executives are so pleased by the 40-ft.-square inside-out "umbrellas"—nine of them making up the restaurant roof—that they had the concrete cast with holes at intervals. The holes, which will be covered by plastic domes, allow diners to see that the concrete, though 40 ft. across, is less than 3 in. thick.

Texas Instruments' roof will be made up of cast concrete shells that are even larger—63 ft. across—but the concrete will still be only 3 in. thick. Instead of being supported at the center and flaring up and out, the quarters of each shell will meet at a higher point in the center, with supports at the corners.

• **Cutting It Thin**—According to O'Neil Ford of Associated Architects, it would be possible to make the concrete shell even thinner than 3 in. But a higher-grade concrete would have to be used, and extra labor to smooth it to precise thickness.

"It's a lot cheaper to waste a bit of material than to waste labor," comments Ford.

The contractor, Robert E. McKee, has built three forms for casting the 37 shells in the plant roof. Four men can take these forms apart, move them, and reassemble them. McKee expects to cast three shells every two weeks, once he gets started this summer.

Great Southwest plans to use the roof design in several warehouses and other single-story buildings. One variation that's being planned by the architects is to tilt the hyperbolic paraboloid shells on their supports so a row of clerestory windows can be installed as a skylight effect. **END**

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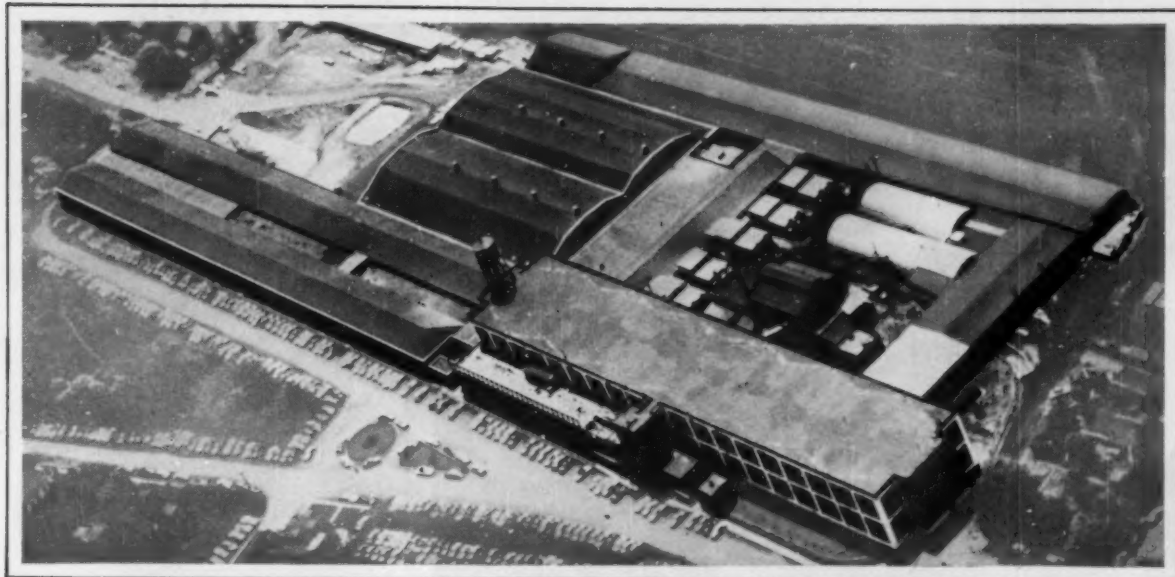
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beautiful wooded hills, rivers and streams. Pennsylvania's temperate climate breaks the year into four distinct seasons, assuring a wide variety of outdoor recreation.

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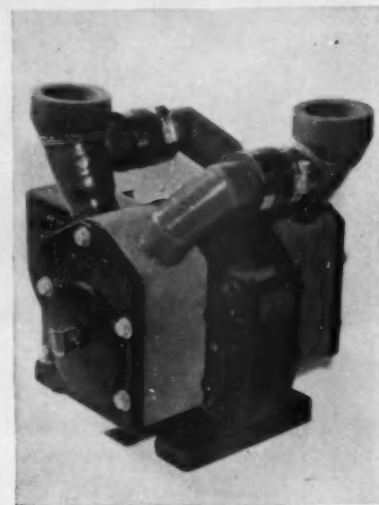
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## NEW PRODUCTS



### New Pump for Chemicals Is Fast and Dependable

Pinching a rubber tube may not seem to be a very practical way to pump chemicals. But the new 40 GPM Duplex self-priming pump being manufactured by the Cooper Alloy Corp., Hillside, N. J., is based on this simple principle.

The company had to add a number of refinements—like doing away with the rubber tube. But now it has a machine that can pump most corrosive liquids and slurries up to 70% solids (such as mud, abrasives, ice cream batter, etc.) at up to 40 gal. per min. in a continuous flow.

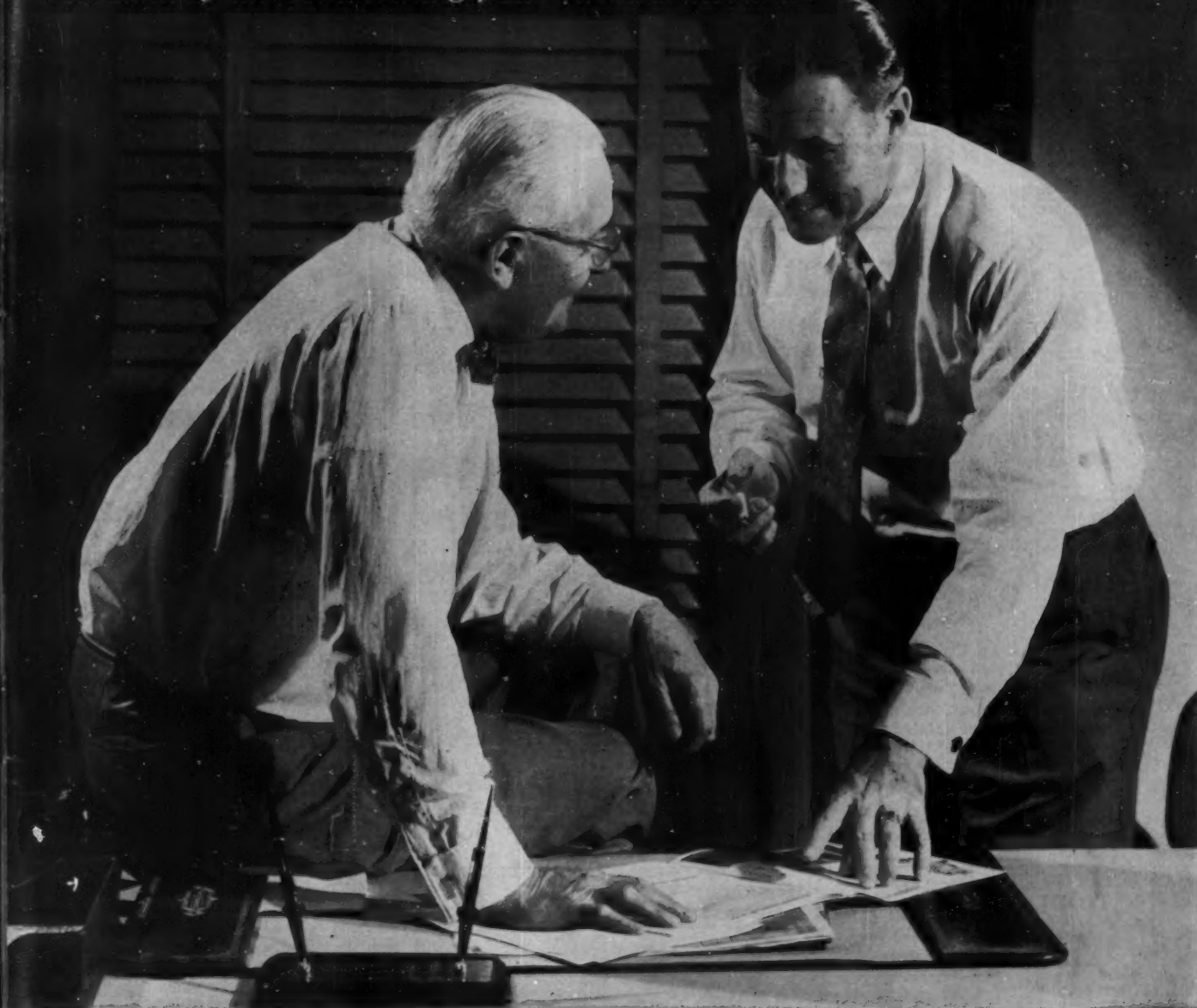
The pumps, available in a number of materials for use in pumping different chemicals, cost approximately \$495.

• **Original Idea**—The idea was originally developed by the Vanton Pump & Equipment Corp., now a subsidiary of Cooper Alloy (BW—Jun. 13 '53, p144). Vanton put a housing around the outside of a U-shaped piece of rubber tubing and used a rotating eccentric wheel to pinch it. As the wheel pushed the liquid forward, a vacuum behind the pinch sucked liquid into the tube and the wheel gave the liquid another forward push on its next rotation.

The advantage of this device was that it did away with a stuffing box and shaft seals that are easily damaged by corrosive liquid chemicals. But it still was only a crude laboratory tool that pumped about 1/4 gpm. and it wasn't very dependable.

• **Difficulties**—There were a number of difficulties. It was hard to find rubber tubing with uniform resiliency, which meant the ideal rotating speed varied with each pump. And even the best

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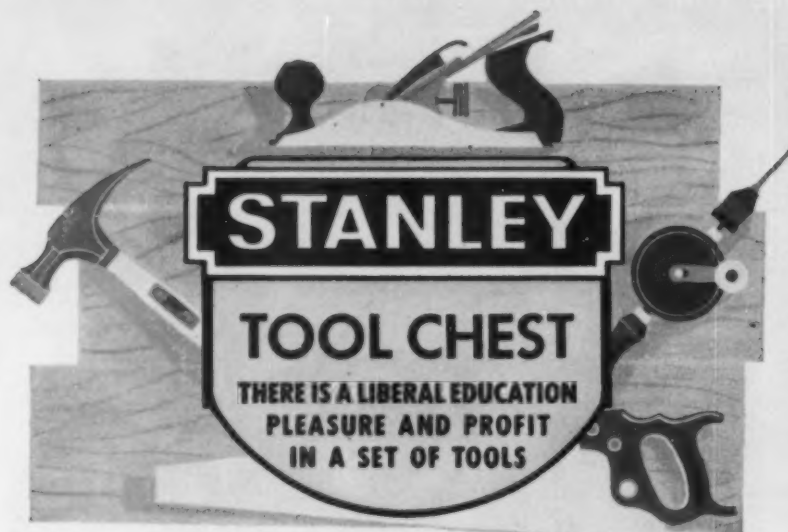
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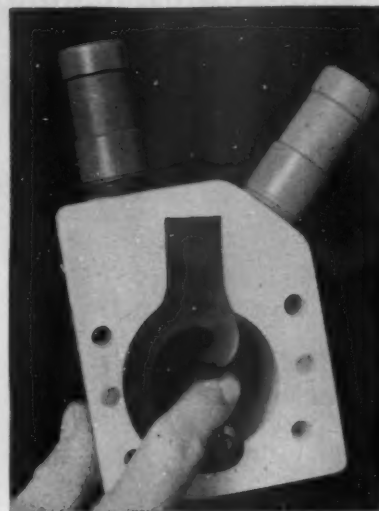
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rubber tubing wore out from wheel friction.

So Vanton bored a U-shaped shaft into a bakelite housing to replace the rubber tube. A hole was cut into the bottom of the U and a flexible rubber liner inserted. As the wheel rotated, it pinched the liner down into the open shaft and squeezed the liquid forward in the shaft as it had in the tube. A uniform speed could be maintained and friction was reduced. But there was some leakage. And the bakelite housing and rubber liner meant only a limited number of chemicals could be handled.

• **Refinements**—When Cooper Alloy bought Vanton in 1953, they changed the housing to stainless steel and mounted it on a frame along with the motor. All the internal parts were changed to stainless steel and the design simplified so that the flexible liner could be removed easily without taking the whole pump apart. This cut down time during production runs.

Although the pump now had a capacity of 20 gpm., the flow was uneven because of the uneven action of the single rotor. And stainless steel resisted corrosion for only a few of the liquids the chemical industry wanted to pump.

To get an even flow, Cooper Alloy added another eccentric rotor, which was set to pump while the other was drawing. And, to expand the number of chemicals that can be handled, the new pumps are available with housings made out of six materials, ranging from the original bakelite to polyethylene, and 12 liners, including rubber, silicone, hypalon, and compar (polyvinyl alcohol). The company also is planning to introduce a pump consisting of a Teflon housing and a Kel-F liner for fluorocarbons. **END**

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An all-titanium anodizing rack is being manufactured by Robe, Inc., Springfield, Va. The rack is made of Titanium Z sections spot-welded to a titanium base to provide a series of grooves in which titanium fingers can be placed and moved for anodizing a wide variety of parts. The rack costs four or five times as much as one made of aluminum, but the manufacturer says it will last 100 to 200 times as long.

A hydraulic torque booster is being manufactured by Char-Lynn Co., Minneapolis, Minn., for use any place where a supplementary power boost is needed for a rotary control or power shaft. The manufacturer says its Hydraulic Torque Amplifier can be used for steering all kinds of road vehicles, material handling machines, boats, tractors, and construction equipment, and for driving machine tools. Prices range from \$100 to \$300.

A stereophonic listening chair being manufactured by Stereo Products Co., Severna Park, Md., is said to closely duplicate listening to hi-fi music with earphones. It's a custom-built wing-back chair with a speaker built into each wing. The speakers have volume controls and a switch that converts them to a monaural system. Cost, \$200.

A cool cab in which workmen can get relief while working in high heat areas is said to be valuable in steel mills, foundries, chemical plants, and similar industries. It's made of aluminum which reflects the heat and has an air conditioner that cools and dehumidifies the air. The Breeze Wagon Cooling Cab, manufactured by Peuchen Engineering Corp., Wilmington, Del. comes in sizes that will accommodate two, four, or six men. Cost ranges from \$2,500 to \$3,500.

A folding table and bench that requires only a few seconds to set up and seats between 16 and 20 people is being manufactured by Howe Folding Furniture, New York. It's designed for use as a lunch, conference, or picnic table. When not in use the all steel, formica topped table folds into a compact unit with casters. It costs \$260.

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# Britain's New Approach to Defense

It is difficult to understand why anyone should be surprised or alarmed about Britain's new defense program. The proposed cuts in conventional forces are no more than a recognition, perhaps overdue, that Britain no longer has the strength to play such a large role in the world.

In its defense program, which is to cover the next five years, the Macmillan government has accepted the fact that Britain must simultaneously do three things: (1) lessen the strain on its economy; (2) reduce its worldwide responsibilities; and (3) convert its defenses to a nuclear pattern. In making their plans, the British have the assurance that the U. S. will supply them with certain guided missiles, including the 1,500-mile IRBM.

The White Paper which explained the new program faced two basic facts rather baldly:

• **British influence in the world "depends first and foremost on the health of its internal economy and the success of its export trade."** This is a fact long recognized by economic experts on both sides of the Atlantic. If, by giving it public recognition, Britain achieves economic stability, the U. S. will have gained a stronger ally.

• **There is no defense against a Soviet nuclear attack—except possession of an overwhelming nuclear deterrent.** This is not defeatism, as some commentators have suggested. It is merely a repetition of the "massive retaliation" doctrine that has been enunciated at various times by Sir Winston Churchill and Secy. of State John Foster Dulles.

Because it involves the reduction of British forces in Germany by a third, the new program is causing some concern in Western Europe. But the Germans, who are only now rearming, have no grounds for complaint; in fact, their much smaller defense burden has given them an unfair export advantage over the British during the past few years. Nor are the French in a position to criticize, considering the fact that most of their forces have been shifted from Germany to North Africa.

Of course, the U. S. has become, if anything, more committed to European defense. But there is no thought of increasing our forces there. On the contrary, it looks as though Washington may follow London's lead in substituting fire power for manpower on the Continent.

There is no doubt that U. S. military responsibilities around the world will continue to grow as Britain reduces its worldwide commitments. But that has been a foregone conclusion since the U. S. threw its weight against Britain at Suez and followed this with the Eisenhower Doctrine, thus stretching U. S. power and responsibility around the world.

Britain's "new look" defense program is not a

retreat for the West. Witness the Soviet response to the U. S.-British agreement on guided missiles. The Kremlin realizes that this soon will put Britain in a position to drop nuclear missiles on Moscow as easily as the Russians can reach London from launching sites in East Germany. And the Soviet propaganda machine screams accordingly.

## Upgrading the B-Schools

Businessmen should welcome the evaluations of business education that the Ford Foundation and Carnegie Corp. are now undertaking (page 50). These two projects promise to bring about improvement in the training that the nation's business schools provide. And, as a good many businessmen will testify, that training can stand improvement in at least some respects.

Such evaluations—and improvements—are long overdue. There has been an enormous growth in the number of business schools, as well as in the number of business courses offered by liberal arts schools. Business has come to regard business schools as its main reservoir for talent; students consider them as the surest passport to management careers.

Until now, however, there has been no real attempt to assess the value of business education to either students or management, nor has there been any objective study of different teaching methods provided in different institutions.

The business schools themselves are aware of the need for an objective evaluation. Many have begun to wrestle with the basic question of whether they should provide well-rounded academic programs or practical training for business. Schools that are trying solely to meet the demands of management may not be living up to their academic responsibilities if it turns out that management has been thinking of only short-term needs, or is actually making erroneous assumptions.

The two projects are expected to come up with a guide for the use of both management and the business schools. They seek to establish a broad code of standards under which schools can operate and management can be assured of getting the people it needs.

There is no necessity for the business community to provide funds for these projects. The foundations are doing that. But business has a vital part to play in these studies. Their success depends, in part, on getting the fullest cooperation of both management and the schools in the intensive surveys being made. The schools have indicated their willingness to help. Business should show the same spirit of cooperation because it has just as much at stake.



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*THIS VERY SPECIAL MOTOR BAR on the Burroughs Sensimatic helps make any accounting job just as fast and simple as can be—and so accurate, too!*

## takes the "bugs" out of your accounting jobs

**TOUCH AND—GO!** No accounting job is *completely* "bug free." But users of Burroughs Sensimatic Accounting Machines agree on this: their accounting jobs—even the toughest—come as close to that as you can get.

In the photo above, you see one of the very important Sensimatic features that make this possible. It's the *exclusive* 90% Motor Bar.

Nine times out of 10 the operator uses this single motor bar to direct the sensing panel—the *exclusive* Sensimatic master control—to automatically make decisions for her. It's like mental telepathy!

Fact is, this one bar frees her of so many important decisions and motions that *every* accounting job comes down to little more than inserting the proper form and indexing

the correct figures. And what the Sensimatic does automatically, she can't possibly do incorrectly.

Touch the bar yourself, and you'll see. You'll see that anyone who can operate an adding machine will quickly pick up Sensimatic operation. You'll see that even a beginner can complete a job in nothing short of record time.

Yes, one quick demonstration and you'll see all this—and more! Just phone our nearby branch. Burroughs Corporation, Detroit 32, Michigan.



## Burroughs Sensimatic

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